ANNUAL REPORT 2020

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 flexible staffing, recruitment solutions and other human resource ("HR") services to clients located in each market in Greater China, namely, the People's Republic of China ("PRC" or "China" or "Mainland China"), Hong Kong Special Administrative Region of the PRC ("Hong Kong"), Macau Special Administrative Region of the PRC ("Macau") and Taiwan (collectively referred as "Greater China Region").

The Group first started its operation in Hong Kong and Taiwan and subsequently entered Mainland China in 2003 and Macau in 2007. With over two decades of dedicated operation, the Group developed deep connections with both multinational clients and local clients in the Greater China Region and achieved prominent brand recognition.

On 10 July 2019, with support of the Group's substantial shareholders, ManpowerGroup Inc. ("MAN") and CITIC PE Funds, 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").

The Group has always been committed to unleash the power of human potential and is well recognized by clients and associations through contemporary offerings of flexible staffing, headhunting, recruitment process outsourcing, talent management and training, and other integrated service solutions. As at 31 December 2020, the Group served over 22,500 corporate and government clients and provided services in approximately 200 cities in the Greater China markets, operating more than 30 offices.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Mr. Darryl E GREEN *(Chairman)*
Mr. John Thomas MCGINNIS
(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

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

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. TSUI Sum Yi
Ms. GAO Xingyue

AUTHORISED REPRESENTATIVES

Mr. CUI Zhihui
Ms. TSUI Sum Yi

HEAD OFFICE IN THE PRC

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Hong Kong

Corporate Information

PRINCIPAL SHARE REGISTRAR IN CAYMAN ISLANDS

Maples Fund Services (Cayman) Limited
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Cricket Square
Grand Cayman KY1-1102
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HONG KONG SHARE REGISTRAR

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Hong Kong

REGISTERED OFFICE

PO Box 309
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Grand Cayman
KY1-1104
Cayman Islands

PRINCIPAL BANKS

Shanghai Securities Building branch,
Industrial and Commercial Bank of China

The Hongkong and Shanghai Banking
Corporation Limited

WEBSITE

www.manpowergrc.com

STOCK CODE

2180

INVESTOR RELATIONS CONTACTS

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

Financial Highlights

The below table sets out the key financial highlights of the Group for the year ended 31 December 2020:

	For the year ended 31 December 2020 (RMB'000)	2019 (RMB'000)	Change in percentage %
Revenue	**3,222,631**	3,041,513	6.0*
Profit attributable to owners of the Company	**126,357**	110,149	14.7
Adjusted profit attributable to the owners of the Company	**136,200**	134,975	0.9
Average revenue generated per employee**	**3,058**	2,437	25.5
Average adjusted profit generated per employee**	**129**	108	19.4
Net cash from operating activities	**272,550**	111,202	145.1

* Revenue of Mainland China flexible staffing increased by approximately 28% in 2020 compared with that of last year

** The number of full time employees of the Company in 2020 and 2019 are set out in "Key Operating Metrics" section on page 10 of this report

Management Discussion and Analysis

BUSINESS REVIEW

The COVID-19 outbreak is one of many events that have made 2020 a year like no other. With a worldwide pandemic, slowing global economic growth, and complex trade and geopolitical uncertainties, 2020 has brought many challenges that were unprecedented in recent history. Despite the difficult market environment, with the great effort of the management team and all employees, the Group's business continued its growth trend both in revenue and in net profit, and recorded strong growth in the flexible staffing business especially in Mainland China for the year ended 31 December 2020 (the "Reporting Period"), which demonstrated the successful strategy and execution of the "All-in-Staffing" strategy. Compared with the strong momentum in the Mainland China and positive growth in Taiwan, the business in Hong Kong was more negatively impacted from COVID-19 both on the top line and the bottom line. The Group's subsidiary specializes in marketing and promotion business, Event Elite Production and Promotion Limited ("Event Elite"), recorded an impairment loss on goodwill of RMB7.7 million due to the fast-shrinking local promotion businesses from the impact of the COVID-19.

During the Reporting Period, the Group achieved a total revenue of RMB3,223 million, representing an increase of approximately 6.0% compared to the corresponding period in 2019. Revenue generated from the flexible staffing business segment grew by approximately 12.2% on a year over year basis to RMB3,012 million, of which the flexible staffing revenue from Mainland China recorded an increase of approximately 28% compared with the corresponding period of last year. During the Reporting Period, net profit attributable to owners of the Company increased to RMB126.4 million, representing a growth of approximately 14.7% year over year. Adjusted net profit attributable to owners of the Company recorded RMB136.2 million after taking into account of one-off expenses, generally in line with last year. A final dividend for the year ended 31 December 2020 of HK$0.32 per ordinary share of the Company (equivalent to RMB0.27 per ordinary share of the Company), representing approximately 45% of the Group's earnings per share of the Company has been proposed by the directors of the Company.

In addition, 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 Group has further expanded the scale of its flexible staffing business during the Reporting Period. The total number of associates placed during the Reporting Period increased by 13.2% from approximately 34,000 as the end of 2019 to 38,500 by the end of 2020, among which the total number of associates placed in Mainland China grew by approximately 27%.

During the Reporting Period, the Group further 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 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, to which its top 5 clients belong, with the number of clients from such sector increasing by 19% on a year over year basis. During the Reporting Period, the Group remained committed to growing its existing accounts, with revenue contribution from its top 5 clients increasing by approximately 33.8% and accounting for approximately 33.8% of its total revenue for the Reporting Period. Moreover, net cash flow from operation activities increased by 145.1% on a year-over-year basis to RMB272.6 million while the turnover days of trade receivable was further decreased to 52.1 days from 52.5 days of last year thanks to the Group's strong cash flow management and prudent risk control.

Management Discussion and Analysis

BUSINESS REVIEW (Continued)

The adoption of digitalisation and technology brings evolving workforce needs. In light of such trend and to deliver on our commitment to provide innovative workforce solutions and industry-leading offerings, the Group launched an all-in-one workplace technology platform (職場+) in 2020 to embed its various technology products into three workforce technology platforms and integrate these platforms with the Group's internal operation technology platform to optimize operational efficiency and create more synergy among different business lines.

For example, the "iPerm Recruitment System" enhanced the capabilities of large-scale staffing and collaborative recruitment among different teams; the "AIS Flexible Staffing Management Platform" facilitated the sharing service centre of the back office and non-paper operation management which had led to higher operational efficiency especially on big client project management. In the meantime, the optimization of the middle office further streamlined internal working procedures in a more cost-effective manner. In addition, the Group's collaborative platform (天天U單) helped consolidate an effective system of order distribution and execution among different suppliers, while the Group's candidate recruiting portal (天天U才) accelerated the candidate-position matching procedure, and the employee value-adding platform (天天U福) improved the management system of associate payroll and perks, which in turn increased the sense of belonging of the Group's associates and decreased associate turnover ratio.

By December 2020, the Group's candidate recruiting portal (天天U才) had recorded around 33,000 Monthly Active Users with 8,600 positions posted; the Group's collaborative platform (天天U單) had posted around 3,500 positions during the Reporting Period; the employee value-adding platform (天天U福) had registered over 15,000 members. In addition, the Group's HR SaaS platform has been on a trial run providing specialised human resources services across Mainland China, Hong Kong, Taiwan and Macau. As of the end 2020, the Group's talent pool has reached a total number of around 5.4 million.

Furthermore, the Group completed the acquisition of 45% equity interest of ZhongRui FESCO Outsourcing (Beijing) Co., Ltd ("ZhongRui FESCO") ("中瑞方勝金融服務外包(北京)有限公司") in December 2020. The Group believes the acquisition would generate a strong synergy in its flexible staffing business and accelerate the development of the Group's all-in-one workforce technology platform (職場+) and provide more comprehensive digitalized solutions to enterprises and employees by integrating ZhongRui FESCO's profound knowledge and the Group's information technology development capabilities.

To counteract the COVID-19 pandemic and to fulfil its corporate social responsibility, the Group set up a RMB1.38 million Public Welfare Fund together with its associate companies in early 2020. All of the fund has been donated within the year to four hospitals in Hubei province and to the Hubei Youth Development Foundation. The Group is committed to promoting corporate social responsibility and is actively taking 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 customized and professional services to its clients in the Greater China region have been recognized with a number of awards, including "2019-2020 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, "The Best HR Service Provider in China 2020" ("年度最佳人力資源服務機構") by Top HR, "The Best SaaS Service Provider in 2019-2020" ("2019-2020年度最佳SaaS服務商") by Top Exhibition, and "Top 30 Innovative Brands" ("2020中國人力資源科技創新品牌30強") by HR Tech China.

Management Discussion and Analysis

OUTLOOK & STRATEGY

Both Opportunities and Challenges in the Upcoming Year

We started the year 2021 with the ongoing COVID-19 pandemic and gradual progress of the vaccine rollout. The Group expects that the Chinese economy is on track of recovery in 2021 amid continued policy support and diminishing impact from the pandemic. With that said, however, the uncertain outlook of global economy and continuous geopolitical tension could still bring challenges to the Group in 2021. Considering the significant degree of uncertainty over the severity and duration of the economic outbreak of the Greater China caused by the COVID-19 pandemic, the Company has resolved to postpone the timeline of the unutilised net proceeds to 31 December 2022.

In terms of its business performance in different regions, the Group expects continuous strong growth momentum in its flexible staffing business in Mainland China, driven by a low penetration rate, its leading position in the market, and its strong cash flow management capability. The recovery of Taiwan market will likely be gradual due to its nature as a small external economy which could be impacted by the pace of recovery of western economies. In Hong Kong, the Group has completed the transformation of business in 2020 by shifting away from the higher-margin, higher-volatility outdoor marketing business towards the more stable, longer-term traditional flexible staffing business. The Group expects its Hong Kong business to deliver stable revenue and profit contribution to the Group in the medium term.

Flexible Staffing Remains Our Strategic Focus in 2021

The Group's strategic focus in 2021 will remain on flexible staffing in Mainland China driven by organic growth, strategic investment and potential merger and acquisition (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 internally 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 (Manpower Plus Strategy) across Mainland China has made impressive progress and profitable return, which will encourage the Group to accelerate this strategy to enlarge market share. The cooperation with regional and local 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.

For the upcoming year, 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, especially on businesses and opportunities with the potential to broaden the Group's flexible staffing product offerings and create synergy between its different business lines.

Management Discussion and Analysis

OUTLOOK & STRATEGY (Continued)

Further Optimization of the Workforce Technology Platform

In 2021, the Group will continue to optimize its all-in-one workplace technology platform (職場+) and create more synergies between the external – facing workforce technology platforms and the internal operation technology platform to further improve the Group's operation efficiency and profitability. To further expand its product offerings, the Group's Capability Maturity Model Integration Level 3 authorization will equip the Group with more comprehensive business development capabilities into the Information Technology Outsourcing sector.

The candidate/client/associate-facing workforce technology platform where various technology products such as 天天U才, 天天U單, 萬盛專家, 萬寶簡斯, and 天天U福 are embedded into, aims to provide talent recruitment, flexible expert, HR SaaS services to the Group's clients and value-adding services to its associates and employees of its clients. The Group will continue to promote the interconnection between different technology products to enhance recruitment efficiency and further achieve synergies.

More specifically, the collaborative recruiting platform (天天U單), the candidate portal (天天U才), and the flexible expert service (萬盛專家), when working together with the Group's internal operation technology platform, which includes the AIS flexible staffing management platform and the iPerm recruitment system serving as the tech-engine driving the Group's associate/candidate management and client service quality, could realise more efficient and accurate candidate-position matching and order filling with the artificial intelligence technology and big data analysis from the middle office; while the data streams of on-boarding associates could be linked with the smart management system of 天天U福 to realise more effective associate management. Furthermore, the talent and training database from the development platform could create more synergy with the AIS order system to complete the business cycle of recruitment-training-career development.

For the front office, the optimization of the Client Relationship Management system and further execution integration can be achieved with data streams from the whole working process of contract-signing, order execution and other value-adding services, which could greatly improve the effectiveness of business development and efficiency of client management, which is reflected by our growing revenue contribution from big clients.

For the middle and back offices, our internal technology transformation including the automatic payroll & tax payment system has streamlined working procedures and increase operation efficiency to a large extent, laying a solid foundation for the Group's fast-growing staffing business and realising a more effective cost control. Last but not least, in view of the importance of data protection, the Group has put a lot of emphasis on data security and has been awarded with the ISO27001 Information Security Management System Certificate to make sure a safe data environment for its clients, associates and candidates.

The Group will continue to work on the integration of the external workforce platform and the internal operation platform to create more synergy between different business lines and provide top-class comprehensive workforce solutions for our clients, associates and candidates in the future.

KEY OPERATING METRICS

The Group provides comprehensive workforce solutions under three business lines, namely (i) flexible staffing; (ii) recruitment solutions (including headhunting and recruitment process outsourcing (the "RPO") services); and (iii) other HR services, serving corporate and government clients across the Greater China Region. 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 years indicated:

	For the year ended 31 December	
	2020	2019
Flexible staffing		
Number of associates placed during the year (approximately)	**38,500**	34,000
Number of candidates in flexible talent database (in thousands)	**1,700**	1,600
Recruitment solutions		
Number of placements during the year (approximately)	**3,686**	6,570
Number of candidates in recruitment services database (in thousands)	**3,100**	2,400
Number of recruiters (approximately)	**216**	457
Overall		
Number of full time employees (approximately)	**1,054**	1,248

FINANCIAL REVIEW

Revenue

In 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 years indicated:

	For the year ended 31 December 2020 (RMB'000)	2019 (RMB'000)	Change in percentage %
Revenue			
Workforce solution services			
Flexible staffing	**3,011,853**	2,685,217	12.2
Recruitment solutions	**186,246**	278,545	(33.1)
Other HR services	**24,532**	77,751	(68.4)
Total	**3,222,631**	3,041,513	6.0

The revenue of the Group increased by approximately 6.0% from RMB3,041.5 million for the year ended 31 December 2019 to RMB3,222.6 million for the year ended 31 December 2020. This increase was attributable to the increase in revenue generated from flexible staffing from RMB2,685.2 million for the year ended 31 December 2019 to RMB3,011.9 million for the year ended 31 December 2020, primarily due to the increase in number of associates placed during the Reporting Period.

Such increase was partially offset by (i) the decrease in revenue generated from recruitment solutions by 33.1% to RMB186.2 million for the year ended 31 December 2020 from RMB278.5 million for the year ended 31 December 2019, primarily due to the negative impact of the COVID-19 pandemic resulting in a decrease in the number of successful placements during the Reporting Period; (ii) the decrease in revenue generated from other HR services by approximately 68.4% to RMB24.5 million for the year ended 31 December 2020 from RMB77.8 million for the year ended 31 December 2019, primarily due to the decrease in revenue from government solution services and career transition services as a result of the outbreak of COVID-19 during the Reporting Period.

During the Reporting Period, the Group operated in the Greater China Region with the PRC contributing the largest part of the Group's total revenue. The following table sets out a breakdown of the Group's revenue by geographic location for the years indicated:

	For the year ended 31 December 2020 (RMB'000)	2019 (RMB'000)	Change in percentage %
Revenue			
The PRC	**1,763,695**	1,511,849	16.7
Hong Kong and Macau	**620,146**	698,390	(11.2)
Taiwan	**838,790**	831,274	0.9
Total	**3,222,631**	3,041,513	6.0

FINANCIAL REVIEW (Continued)

Cost of services

The Group's cost of services increased by approximately 9.5% from RMB2,454.9 million for the year ended 31 December 2019 to RMB2,687.1 million for the year ended 31 December 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 Reporting Period.

Gross profit and gross profit margin

Gross profit represents revenue less cost of services. The Group's gross profit decreased by approximately 8.7% from RMB586.6 million for the year ended 31 December 2019 to RMB535.5 million for the year ended 31 December 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 Reporting Period; and (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 weak economy.

The Group's gross profit margin decreased from approximately 19.3% for the year ended 31 December 2019 to approximately 16.6% for the year ended 31 December 2020, primarily due to 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.

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

	For the year ended 31 December		
	2020 (%)	2019 (%)	Change (%)
Workforce solution services			
Flexible staffing	**11.5**	11.3	0.2
Recruitment solutions	**91.0**	89.7	1.3
Other HR services	**74.3**	42.2	32.1
Overall	**16.6**	19.3	(2.7)

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 12.5% from RMB345.4 million for the year ended 31 December 2019 to RMB302.3 million for the year ended 31 December 2020, primarily due to: (i) 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; and (ii) the improvement in efficiency of operations caused by the investment in operating technology.

The Group's administrative expenses decreased by approximately 5.8% from RMB75.2 million for the year ended 31 December 2019 to RMB70.9 million for the year ended 31 December 2020, primarily due to cost control programs during the Reporting Period.

The Group's selling expenses accounted for approximately 11.4% and 9.4% of its total revenue for the year ended 31 December 2019 and 2020, respectively, while the Group's administrative expenses accounted for approximately 2.5% and 2.2% of its total revenue for the year ended 31 December 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, dividend income from equity instruments and government grants. The Group's other income increased by approximately 30.5% from RMB10.9 million for the year ended 31 December 2019 to RMB14.3 million for the year ended 31 December 2020, which was primarily attributable to (i) the increase in interest income on bank deposits and dividend income from equity instruments; and (ii) the increase in government grants as a result of the incentive subsidies received during the Reporting Period.

Other gains and losses

The Group's other gains and losses consist of impairment loss on goodwill, net exchange (losses) gains and net fair value change in financial assets at fair value through profit or loss ("FVTPL"). The Group recorded other losses of RMB4.9 million for the year ended 31 December 2020, which was primarily attributable to the impairment loss on goodwill of Event Elite amounted to RMB7.7 million, partially offset by net fair value change in financial assets at FVTPL amounted to RMB3.0 million. For the year ended 31 December 2019, the Group recorded other losses of RMB1.7 million, which consisted of the impairment loss on goodwill of Event Elite of RMB6.2 million, partially offset by net fair value change in financial assets at FVTPL amounted to RMB3.7 million.

FINANCIAL REVIEW (Continued)

Share of profit of associates

The Group's share of profit of associates amounted to RMB1.8 million for the year ended 31 December 2020. During the Reporting 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 RMB1.9 million incurred in 2019. 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 Reporting 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 increased by approximately 4.3% from RMB33.6 million for the year ended 31 December 2019 to RMB35.0 million for the year ended 31 December 2020.

The Group's effective income tax rate for the year ended 31 December 2020 was approximately 20.7%, compared to approximately 21.8% for the year ended 31 December 2019.

Profit for the year attributable to owners of the Company

As a result of the foregoing, the Group's profit for the year attributable to owners of the Company increased by approximately 14.7% from RMB110.1 million for the year ended 31 December 2019 to RMB126.4 million for the year ended 31 December 2020.

Adjusted profit for the year attributable to owners of the Company

The Group's adjusted profit for the year attributable to owners of the Company (excluding one-off Listing expenses, impairment loss on goodwill, and expenses in relation to stock options granted) increased by approximately 0.9% from RMB135.0 million for the year ended 31 December 2019 to RMB136.2 million for the year ended 31 December 2020.

FINANCIAL REVIEW (Continued)

Adjusted profit for the year attributable to owners of the Company (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, impairment loss on goodwill and expense in relation to stock options granted during the year, 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 year and the adjusted profit for the year:

	For the year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit for the year attributable to owners of the Company	**126,357**	110,149
Adjustment for:		
Listing expenses	**–**	18,242
Impairment loss on goodwill	**7,726**	6,232
Expense in relation to stock options granted	**2,117**	352
Adjusted profit for the year attributable to owners of the Company	**136,200**	134,975

The definitions of adjusted profit should not be considered in isolation or be construed as an alternative to profit for the year 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 31 December 2020, the Group's net current assets amounted to RMB1,034.4 million (31 December 2019: RMB1,017.8 million). Specifically, the Group's total current assets increased by approximately 7.8% from RMB1,470.7 million as at 31 December 2019 to RMB1,585.8 million as at 31 December 2020. The Group's total current liabilities increased by approximately 21.7% from RMB452.9 million as at 31 December 2019 to RMB551.3 million as at 31 December 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 31 December 2020, the Group had bank balances and cash, together with its restricted bank deposits, time deposits with original maturity over three months and financial assets at FVTPL of RMB1,068.8 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 31 December 2020, the Group had lease liabilities of RMB64.9 million (31 December 2019: RMB81.8 million). The Group had no bank loans or convertible loans during the year and as at 31 December 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 31 December 2020 was not calculated (31 December 2019: Nil).

Pledge of assets

As disclosed under the section headed "Contingent Liabilities", as at 31 December 2020, the Group had pledged its bank deposit in an amount of RMB9.1 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. The Group manages its interest rate exposures by assessing the potential impact arising from interest rate movements based on the current interest rate level and outlook.

Credit risk

The Group's exposure to credit risks relates primarily to financial assets at fair value through profit and loss, time deposits with original maturity over three months, restricted bank deposits and bank balances, trade and other receivables, and amount due from fellow subsidiaries and arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. Concentrations of credit risk are managed by customer/counterparty and by geographical region. There are no significant concentrations of credit risk 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 fellow subsidiaries.

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 31 December 2020, the current ratio (calculated as total current assets divided by the total current liabilities) of the Group was 2.9 times (31 December 2019: 3.2 times).

CONTINGENT LIABILITIES

As at 31 December 2020, the Group had outstanding surety bonds of RMB9.1 million (31 December 2019: RMB81.7 million), for which restricted bank deposits were pledged as required by certain clients of the Group.

COMMITMENTS

As at 31 December 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 31 December 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

As disclosed in the announcement of the Company dated 30 October 2020, the Company entered into a share transfer agreement with 北京外企人力資源服務有限公司 (Beijing Foreign Enterprise Human Resources Services Co., Ltd.) to acquire 45% equity interest of ZhongRui FESCO at a consideration of RMB17.55 million (the "Acquisition"). The Acquisition did not constitute a notifiable transaction of the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

During the Reporting Period, except for the aforesaid Acquisition, 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 31 December 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 annual 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 in a manner consistent with the proposed allocation in the Prospectus with adjustment in expected timeline as disclosed below.

CHANGE TIMELINE IN USE OF NET PROCEEDS

Since the outbreak of COVID-19 pandemic in early 2020, the local government in the Greater China Region has implemented various social distancing measures such as travel restrictions, border control measures, and work from home arrangements to control and prevent the spread of COVID-19. As a result of such measures, the Group's expansion plans have been temporarily curtailed by the pandemic. The spread of COVID-19 had also triggered change of the market conditions and business environment, the board of Directors (the "Board") stayed cautious under the uncertain conditions and being conservative on investment activities and expansion plans during 2020.

The Board are of the view that COVID-19 situation is still evolving rapidly, there remains a significant degree of uncertainty over the severity and duration of the economic outbreak of the Greater China and has resolved to postpone the timeline of the unutilised net proceeds to 31 December 2022. The table below sets forth the details of utilisation of the net proceeds up to 31 December 2020 and the expected timeline for the intended use of the unutilised net proceeds:

Categories	Specific Plans	Expected timeline as stated in the Prospectus (Note)	Planned use of net proceeds as stated in the Prospectus and after considering the additional net proceeds from the exercise of over-allotment option RMB'000	Actual use of net proceeds up to 31 December 2020 RMB'000	Unutilised net proceeds as at 31 December 2020 RMB'000	Expected timeline for fully utilising the remaining proceeds (Note)
Business expansion	Expand our business scale and market share	12 to 24 months from 10 July 2019 (the "Listing Date")	137,451 (30% of total net proceeds)	45,317	92,134	On or before 31 December 2022
Research and development	Invest in a digital workforce platform	12 to 24 months from the Listing Date	137,451 (30% of total net proceeds)	27,826	109,625	On or before 31 December 2022
Future investments, strategic mergers and acquisitions	Pursue strategic acquisition and investment opportunities	12 to 24 months from the Listing Date	114,527 (25% of total net proceeds)	27,350	87,177	On or before 31 December 2022
Brand building and digital marketing	Investment in offline brand building and digital marketing to increase brand awareness	12 to 24 months from the Listing Date	22,924 (5% of total net proceeds)	5,854	17,070	On or before 31 December 2022
Working capital	Working capital and other general corporate purposes	–	45,847 (10% of total net proceeds)	30,534	15,313	On or before 31 December 2021
Total			458,200 (100% of total net proceeds)	136,881	321,319	

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

CHANGE TIMELINE IN USE OF NET PROCEEDS (Continued)

As at the date of this report, there has not been any material change to the plan as to the categories of use of the net proceeds and the revised expected timeline for unutilised net proceeds will not have any material adverse impact on the operations of the Group.

EMPLOYEE AND REMUNERATION POLICY

The Group's employees include its own employees and associates. Own employees refer to the employees for the Group's operations, including finance and information technology and excluding those for flexible staffing assignments. Associates refer to those who are assigned to work on client premises, typically under client instruction and supervision during the term of deployment. As at 31 December 2020, the Group employed approximately 1,054 full-time own employees and approximately 38,500 associates.

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

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

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

EVENTS AFTER THE REPORTING PERIOD

There were no material events undertaken by the Group subsequent to 31 December 2020 and up to the date of this report.

Biographies of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. CUI Zhihui (**崔志輝**), aged 44, was appointed as the executive Director on 31 March 2021. He is responsible for making operational and strategic decisions. Mr. CUI has served as the Group's chief financial officer from January 2016 to March 2021 and is responsible for the Group's management, including overseeing its financial affairs and leading the M&A and post management. He also holds directorship in a number of the Group's subsidiaries. Prior to joining the Group, from March 2007 to January 2016, Mr. CUI served as the chief financial officer at Capgemini Business Service (China) Co., Ltd. (廣東凱捷商業數據處理服務有限公司), a company specialising in business process outsourcing and information technology services, where he was primarily responsible for overseeing the management of financial affairs. Mr. CUI obtained a master's degree in business administration from the City University of Macau in Macau in August 2001. Mr. CUI was admitted as a fellow of The Chartered Institute of Management Accountants in September 2015.

Mr. YUAN Jianhua (**袁建華**), aged 45, was first appointed as the Director on 26 September 2014 and re-designated as the executive Director on 18 January 2019. Mr. YUAN resigned as executive Director, chief executive officer and president of the Company with effect from 31 March 2021. Mr. YUAN will serve as a Senior Advisor to the Group for a period of one year commencing from 1 April 2021. Mr. YUAN is primarily responsible for formulating overall strategic decisions, business planning and making major operational decisions. Since January 2015, Mr. YUAN has served as the president of 萬寶盛華人力資源(中國)有限公司 (ManpowerGroup (China) Human Resources Co., Ltd.*) (formerly known as 上海萬寶盛華人力資源有限公司 (Manpower Human Resources (Shanghai) Co., Ltd*)) ("Manpower China") and was later appointed as the Chief Executive Officer in September 2015. He was responsible for overseeing the Group's operations within the Greater China Region. He also holds directorship in a number of the Group's subsidiaries.

Mr. YUAN first joined Manpower China in July 2003. From then to July 2009, Mr. YUAN served as a business director at Manpower China and was primarily responsible for the management of the finance, legal and information technology departments and the Group's government clients. From July 2009 to October 2012, he served as the managing director of Manpower China and was responsible for overseeing the management of its business operations in the PRC. From December 2012 to December 2014, Mr. YUAN served as the chief operating officer of the Asia Pacific and Middle East region at MAN and was responsible for overseeing the regional operations and functions.

Prior to joining Manpower China, from August 1999 to July 2003, Mr. YUAN worked at DHL-Sinotrans International Air Courier Ltd. (中外運－敦豪國際航空快件有限公司), a company specialising in express courier services, where he last served in a management position. Mr. YUAN obtained a bachelor's degree of economics in accounting from Donghua University (東華大學) (formerly known as China Textile University (中國紡織大學)) in the PRC in July 1998 and a master's degree in business administration from Fudan University (復旦大學) in the PRC in January 2005. He has been a non-practising member of the Shanghai Institute of Certified Public Accountants since December 2009.

* *For identification purpose only*

DIRECTORS (Continued)

Non-executive Directors

Mr. Darryl E GREEN, aged 60, was appointed as the Chairman and Director on 28 August 2015 and re-designated as the non-executive Director on 18 January 2019. He is the member of the remuneration committee and the nomination committee of the Company. Mr. GREEN is primarily responsible for providing strategic guidance for the overall development of the Group. He has also served as a director of a number of the Company's subsidiaries, ManpowerGroup Greater China (BVI) Limited, ManpowerGroup Greater China (HK) Limited, and ManpowerGroup Solutions Holdings Hong Kong Limited. From October 2007 to January 2013, he was the chairman of Manpower China. He served as a director of Manpower China until August 2014.

Mr. GREEN first joined the MAN and its subsidiaries (collectively "MAN Group") in May 2007. From then to December 2008, he served as the executive vice president for MAN and the president of Asia Pacific region. From January 2009 to October 2012, he served as the executive vice president and president of Asia Pacific Middle East region at MAN and was promoted to the president at MAN in November 2012. From May 2014 to August 2018, he served as the president and the chief operating officer at MAN and was primarily responsible for operational performance of four regions including Americas, Asia Pacific Middle East, Southern and Northern Europe. Since July 2007, Mr. GREEN has served as non-executive chairman of ManpowerGroup Co Ltd in Japan, a subsidiary of MAN.

Prior to joining MAN Group, in November 1999, Mr. GREEN joined Asia Global Crossing Ltd, a telecommunication carrier, as the president for Japan. From 2001 to October 2003, Mr. GREEN served as the chief executive officer at J-Phone Co., Ltd. in Japan (the name of which was subsequently changed to Vodafone K.K. in October 2003), where he was primarily responsible for the overall management and operational performance. From then to June 2004, Mr. GREEN served as the chief executive officer at Vodafone K.K. (currently known as SoftBank Corp.), a company specialising in the provision of telecommunication services. From June 2005 to May 2007, Mr. GREEN served as the chief executive officer at Tata Teleservices Limited, a company specialising in the provision of broadband and telecommunication services. Mr. GREEN obtained a bachelor's degree of arts from Brigham Young University in the United States in April 1984. He also obtained a master's degree of business administration from the Tuck School of Business at Dartmouth (formerly known as Amos Tuck School of Business Administration) in the United States in June 1989.

Mr. John Thomas MCGINNIS, aged 54, was appointed as the non-executive Director on 29 June 2020. He is the member of the audit committee of the Company. He was further appointed as a director of ManpowerGroup Greater China (BVI) Ltd., ManpowerGroup Greater China (HK) Limited, and ManpowerGroup Solutions Holdings Hong Kong Limited on 1 September 2020. The aforementioned companies are subsidiaries of the Company of which Mr. MCGINNIS oversees the management. He was named executive vice president and chief financial officer of MAN Group in February 2016. As the chief financial officer, he is responsible for MAN's worldwide finance, accounting and internal audit functions. As a member of MAN's executive leadership team, Mr. MCGINNIS is engaged in supporting and developing the company's business and finance strategies and driving operational performance across all geographies and business lines.

Mr. MCGINNIS joined MAN from Morgan Stanley, where he served from January 2014 through February 2016 as global controller responsible for financial accounting and controls, U.S. Securities and Exchange Commission (SEC) and regulatory reporting, financial planning and analysis, and the finance function for their large U.S. bank. From March 2006 through January 2014, he served in HSBC North America Holdings Inc. with his last position as a chief financial officer, and before that, he served and reached the position of partner at Ernst & Young from 1989 through March 2006.

Mr. MCGINNIS is a graduate of Loyola University Chicago and holds a bachelor of business administration in public accounting (May 1989). He is a certified public accountant and a member of the American Institute of Certified Public Accountants.

Mr. MCGINNIS is a member of the executive board of City Year Milwaukee, a non-for-profit organization that partners with educators while supporting and mentoring children.

DIRECTORS (Continued)

Non-executive Directors (Continued)

Mr. ZHANG Yinghao (**張迎昊**), aged 44, was appointed as the Director on 28 August 2015 and was re-designated as the non-executive Director on 18 January 2019. He is the member of the remuneration committee and the nomination committee of the Company. He has also served as a director of a number of the Company's subsidiaries, ManpowerGroup Greater China (BVI) Limited, ManpowerGroup Greater China (HK) Limited and ManpowerGroup Solutions Holdings Hong Kong Limited, providing strategic guidance for the overall development of the Group. Mr. ZHANG has been serving as the managing director at CITIC Private Equity Funds Management Co., Ltd. (中信產業投資基金管理有限公司) ("CITICPE") since January 2011, a company that specialises in asset management, where he was primarily responsible for managing private equity investments in commercial service sector and the daily operations of the commercial services investment department. Mr. ZHANG is currently a director of CM Phoenix Tree Limited and CM Phoenix Tree II Limited, the Controlling Shareholders holding a total of 30.85% of the issued share capital of the Company. From August 2004 to 2009, Mr. ZHANG worked at China Life Insurance Co., Ltd. (中國人壽保險股份有限公司), a company specialising in insurance services, where he last served as the division manager in the investment management department. From January 2009 to December 2010, Mr. ZHANG served as the investment director at CITICPE, where he was primarily responsible for managing private equity investments in various sectors. From 2016 to 2017, Mr. ZHANG served as the director of BEST Inc., a company later listed on the NYSE (stock code: BSTI) and specialising in logistics and supply services in the PRC. Since November 2016, Mr. ZHANG has also served as the director of CIIC Guanaitong (Shanghai) Technology Co., Ltd. (中智關愛通(上海)科技股份有限公司), an employee benefit solutions provider listed on the National Equities Exchange and Quotations Co., Ltd. (stock code: 871282). Mr. ZHANG obtained a bachelor's degree in economic geography and urban and rural planning from Henan University (河南大學) in the PRC in July 1998. He also obtained a master's degree in management from The University of Lancaster in the United Kingdom in November 2001 and a master's degree in finance from The University of Manchester in the United Kingdom in November 2002.

Mr. ZHAI Feng (**翟鋒**), aged 53, was appointed as the Director on 28 August 2015 and was re-designated as the non-executive Director on 18 January 2019 and is primarily responsible for providing strategic guidance for the overall development of the Group. He is the member of the audit committee of the Company. Mr. ZHAI has been serving as the managing director and the head of the investment management department at CITICPE since January 2013, an asset management company, where he is primarily responsible for management and operation related matters after investments.

From July 1991 to November 2012, Mr. ZHAI worked at Procter & Gamble (China) Sales Co. Ltd. (寶潔(中國)有限公司), a company specialising in the production and sale of consumer products, where he last served as the president of sales in Greater China. Mr. ZHAI has served as the director of Shaanxi Tourism Culture Industry Holding Co. Ltd. (陝西旅遊文化產業股份有限公司) ("Shaanxi Tourism"), an integrated tourism company (stock code: 870432), and CIIC Guanaitong (Shanghai) Technology Co., Ltd. (中智關愛通(上海)科技股份有限公司), an employee benefit solutions provider (stock code: 871282), both listed on the National Equities Exchange and Quotations Co., Ltd., since December 2015 and November 2016, respectively. Since October 2014, he has served as the director of Weihai Guangwei Composites Co., Ltd. (威海光威複合材料股份有限公司), a company principally engaged in research, development and production of carbon fiber and composite materials and listed on the Shenzhen Stock Exchange (stock code: 300699). Since December 2017, he has served as the director of Beijing Hualian Department Store Co., Ltd (北京華聯商廈股份有限公司), a company principally engaged in operation and management of shopping mall and cinema and listed on the Shenzhen Stock Exchange (stock code: 000882). Mr. ZHAI obtained a bachelor's degree in environmental engineering from Tongji University (同濟大學) in the PRC in July 1991.

DIRECTORS (Continued)

Independent non-executive Directors

Mr. Thomas YEOH Eng Leong (楊永亮), aged 58, was appointed as the independent non-executive Director on 15 March 2019. He is the chairman of the remuneration committee of the Company and the member of the audit committee and the nomination committee of the Company. Mr. YEOH is responsible for providing independent advice to the Board. Mr. YEOH has over 26 years of experience in public service, private sector and capital markets. Since January 2010, he has served as the director of corporate development at Phillip Securities Pte Ltd., a retail stock broker in Singapore, where he was primarily responsible for business development. Prior to taking up his current position, he worked at Economic Development Board of Singapore and was promoted as the regional director (Europe) in April 1994. In September 1997, he was seconded to National Computer Board of Singapore as the director of industry and manpower development while he also served as the chief information officer at Economic Development Board of Singapore. In May 1998, he was appointed as the assistant chief executive (industry) at National Computer Board of Singapore. In January 2000, he joined WPV/SA/NSTB Fund as the general partner, a fund established by Warburg Pincus and National Science and Technology Board of Singapore focused on IT investment in Singapore. In August 2000, Mr. YEOH was appointed as the non-executive director of Boardroom Limited, a professional business services provider listed on the Singapore Exchange (stock code: B10), and served as its managing director and chief executive officer from January 2003 to September 2006. Mr. YEOH obtained a bachelor's degree in engineering from University of Malaya in Malaysia in August 1986, and master's degree in business administration from The City University of London in the United Kingdom in April 1995.

Ms. WONG Man Lai Stevie (黃文麗), aged 51, was appointed as the independent non-executive Director on 15 March 2019. She is the chairman of the nomination committee of the Company and the member of the audit committee and remuneration committee of the Company. Ms. WONG is responsible for providing independent advice to the Board. Ms. WONG has over 28 years of experience in management, marketing and sales, operations and product innovation. From 2017 to 2019, she served as chief executive officer, Greater China at Inchcape Hong Kong Limited, a distributor and retailer in the premium and luxury automotive sectors. Since the end of 2019, Ms. WONG joined L'oreal Group, a world leader in the Beauty Industry, as general manager. From 1992 to 2013, she worked at Procter & Gamble Company, a global fast moving consumer goods group listed on the New York Stock Exchange (stock code: PG), holding positions including assistant brand manager, brand manager, marketing director, general manager and vice president. From 2013 to 2017, she served as the chief executive officer at Water Oasis Group Limited, a beauty services and product provider listed on the Main Board of the Stock Exchange (stock code: 1161). Ms. WONG obtained a bachelor's degree of business administration in marketing from The Chinese University of Hong Kong in 1992.

Mr. Victor HUANG (黃偉德), aged 49, was appointed as the Company's independent non-executive Director on 15 March 2019. He is the chairman of the audit committee of the Company and the member of the remuneration committee and nomination committee of the Company. Mr. HUANG is responsible for providing independent advice to the Board.

Mr. HUANG has over 27 years of experience in finance, accounting and transaction services. He joined PricewaterhouseCoopers in Hong Kong in January 1993 and became its partner in July 2005. From July 2014 to August 2017, he served as partner at KPMG in Hong Kong. From February 2020 to November 2020, he served as an independent non-executive director of China Bright Culture Group, a company listed on the Main Board of the Stock Exchange (stock code: 1859). From December 2018 to December 2020, he served as an independent non-executive director of Trinity Limited, a company listed on the Main Board of the Stock Exchange (stock code: 891).

DIRECTORS (Continued)

Independent non-executive Directors (Continued)

Mr. HUANG currently holds the following positions of companies listed in the Stock Exchange and Shanghai Stock Exchange respectively:

Company Name	Stock Exchange	Stock Code	Position (Appointment Date)
LBX Pharmacy Chain Co., Ltd.	Shanghai Stock Exchange	603883	Independent non-executive director (27 February 2018)
Scholar Education Group	the Stock Exchange	1769 (Main Board)	Independent non-executive director (11 June 2019)
			Chairman of audit committee (11 June 2019)
			Member of nomination committee (11 June 2019)
			Member of remuneration committee (11 June 2019)
Topsports International Holdings Limited	the Stock Exchange	6110 (Main Board)	Independent non-executive director (20 June 2019)
			Member of audit committee (20 June 2019)
			Member of nomination committee (20 June 2019)
Qingdao Haier Biomedical Co., Ltd.	Shanghai Stock Exchange	688139 (Science and Technology Innovation Board)	Independent non-executive director (21 August 2018)

DIRECTORS (Continued)

Independent non-executive Directors (Continued)

Company Name	Stock Exchange	Stock Code	Position (Appointment Date)
New Times Energy Corporation Limited	the Stock Exchange	0166 (Main Board)	Independent non-executive director (19 June 2020) Chairman of audit committee (28 August 2020) Member of nomination committee (28 August 2020) Member of remuneration committee (28 August 2020)
COSCO SHIPPING Energy Transportation Co Ltd	the Stock Exchange	1138 (Main Board)	Independent non-executive director (22 June 2020) Chairman of audit committee (22 June 2020) Member of nomination committee (22 June 2020)
Evergrande Property Services Group Limited	the Stock Exchange	6666 (Main Board)	Independent non-executive director (13 November 2020) Chairman of audit committee (13 November 2020) Member of remuneration committee (13 November 2020)

Mr. HUANG obtained a bachelor's degree of arts in economics and business from University of California, Los Angeles in the United States in September 1992. He was admitted as an associate of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) in June 1996. He was also certified as a qualified independent director of the Shanghai Stock Exchange in June 2018 and a member of The Hong Kong Independent Non-Executive Director Association.

SENIOR MANAGEMENT

Mr. CUI Zhihui (崔志輝), aged 44, has served as the Group's chief financial officer of the Company from January 2016 to March 2021. He has been appointed as an executive Director and the chief executive officer of the Company with effect from 31 March 2021. For Mr. CUI's biography, please refer to the paragraph "Executive Directors" in this section.

JOINT COMPANY SECRETARIES

Ms. GAO Xingyue (高星月) was appointed as the joint company secretary on 18 January 2019. Ms. GAO has served as strategic manager of Manpower China since September 2018 and is responsible for capital operation and company secretarial matters, investor relations, strategic management and external and internal coordination affairs. Prior to joining the Group, from June 2016 to June 2018, she served as senior associate at Guoguang Global Asset Management Co., Ltd. (國廣環球資產管理有限公司), an asset management company where she was primarily responsible for merger and acquisition activities, due diligence, deal structuring and post-investment management. Ms. GAO obtained a bachelor's degree of arts in accounting and finance from University of Exeter in the United Kingdom in July 2014 and a master's degree of science in project and enterprise management from University College London in the United Kingdom in November 2015.

Ms. TSUI Sum Yi (徐心兒) was appointed as the joint company secretary on 4 September 2020. Ms. TSUI is currently a Manager of Corporate Services of Vistra Corporate Services (HK) Limited. She has over ten years of experience in providing company secretarial services to numerous private and listed companies. Ms. TSUI is an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in United Kingdom.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the shareholders of the Company (the "Shareholders") and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code contained in Appendix 14 to the Listing Rules as its own code on corporate governance since the Listing and has complied with the code provisions sets out in the Corporate Governance Code throughout the Reporting Period.

THE BOARD OF DIRECTORS

Board composition

As at the date of this report, the Board consists of one executive Director, namely Mr. YUAN Jianhua, four non-executive Directors, namely Mr. Darryl E GREEN, Mr. John Thomas MCGINNIS, Mr. ZHANG Yinghao 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. On 31 March 2021, Mr. YUAN Jianhua resigned as executive Director and Mr. CUI Zhihui was appointed as executive Director. An updated list of the Directors and their roles and functions is published on the websites of the Stock Exchange and of the Company, respectively. Their names and biographical details are set out in the "Biographies of Directors and Senior Management" section of this report. The overall management and supervision of the Company's operation and the function of formulating overall business strategies were vested in the Board. There are no financial, business, family or other material relationships among members of the Board.

During the Reporting Period, the Board has at all times met the requirements of Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise. Their names and biographical details are set out in the "Biographies of Directors and Senior Management" section of this report. The three independent non-executive Directors represent more than one-third of the Board, complying with the requirement under Rule 3.10A of the Listing Rules whereby independent non-executive directors of a listed issuer must represent at least one-third of the Board.

Directors' responsibilities

The Board takes the responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitor the performance of the senior executives. The Directors have to make decisions objectively in the interests of the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

Liability insurance for Directors and senior management of the Company is maintained by the Company with appropriate coverage for certain legal liabilities which may arise in the course of performing their duties.

THE BOARD OF DIRECTORS (Continued)

Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by Mr. Darryl E GREEN and Mr. YUAN Jianhua respectively during the Reporting Period. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and daily management and operations generally.

Delegation by the Board

The management, consisting of executive Director along with other senior executives, is delegated with responsibilities for implementing the strategy and direction as adopted by the Board from time to time, and conducting the day-to-day management and operations of the Group. Executive Director and senior executives meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back, and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

Directors' responsibilities for financial statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group for the year ended 31 December 2020 in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Group on a going concern basis.

Independent non-executive Directors

The independent non-executive Directors play a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. The functions of independent non-executive Directors include bringing an impartial view and judgment on issues of the Company's strategies, performance and control; and scrutinising the Company's performance and monitoring performance reporting.

All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have made positive contributions to the development of the Company through providing their professional advice to the Board.

All independent non-executive Directors are appointed for a term of one year.

Confirmation of independence

The independence of the independent non-executive Directors has been assessed in accordance with the applicable Listing Rules and each of the independent non-executive Directors has made an annual written confirmation of independence to the Company pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules and are independent.

THE BOARD OF DIRECTORS (Continued)

Board diversity policy

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talent, skills, experience, independence and knowledge. The Company will also take into consideration its own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

The Board comprises eight members, including one female independent non-executive Director. The Directors also have a balanced mix of knowledge, skills and experience, including overall management, information technology and investment etc. They obtained degrees in various majors including economics in accounting, business administration, commerce, economic geography and urban and rural planning and environmental engineering. The Board has three independent non-executive Directors with different industry backgrounds, representing more than one-third of the Board members. Furthermore, the Board has a wide range of age, ranging from 44 years old to 60 years old. The Company has taken and will continue to take steps to promote gender diversity at all levels of the Group, including but without limitation at the Board and senior management levels. Taking into account the business model of the Group and its specific needs as well as the presence of one female Director out of a total of eight Board members, the Directors consider that the composition of the Board satisfies the board diversity policy.

The nomination committee is responsible for ensuring the diversity of the Board members and compliance with relevant codes governing board diversity under the Listing Rules. The nomination committee will regularly review the board diversity policy and its diversity profile from time to time to ensure its continued effectiveness.

Appointment, re-election and removal of Directors

Each of the executive Director, non-executive Directors and independent non-executive Directors has entered into a service contract or a letter of appointment with the Company for a specific term. The executive Director and non-executive Directors are appointed for a term of three years and the independent non-executive Directors are appointed for a term of one year. Such term is subject to his/her retirement by rotation and re-election at an annual general meeting of the Company in accordance with the Company's articles of association (the "Articles of Association"). The Articles of Association also provides that any Director appointed by the Board to fill a casual vacancy or as an additional to the Board shall hold office only until the next following general meeting and shall then be eligible for re-election at such meeting.

In accordance with the Articles of Association, at each annual general meeting of the Company, one-third of the Directors for the time being, shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

The members of the Company may, at any general meetings convened and held in accordance with the Articles of Association, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything to the contrary in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement).

THE BOARD OF DIRECTORS (Continued)

Appointment, re-election and removal of Directors (Continued)

At the annual general meeting of the Company (the "AGM") held on 29 June 2020, Mr. Thomas YEOH Eng Leong, Ms. WONG Man Lai Stevie and Mr. Victor HUANG retired in accordance with the Article 16.2 of the Articles of Association and were re-elected as independent non-executive Directors. Mr. YUAN Jianhua, Mr. Darryl E GREEN, Mr. ZHANG Yinghao and Mr. ZHAI Feng retired in accordance with the Article 16.19 of the Articles of Association and were re-elected as non-executive directors at the AGM.

During the Reporting Period, Mr. Sriram CHANDRASEKAR resigned as a non-executive director with effect from 29 June 2020. Mr. John Thomas MCGINNIS was appointed as a non-executive Director by the Shareholders at the AGM with effect from 29 June 2020.

Directors' training and professional development

Every newly appointed Director has been given a comprehensive, formal and tailored induction on appointment.

Subsequently, the Company has provided timely technical updates, including the briefing on the amendments to the Listing Rules and the news release published by the Stock Exchange to the Directors.

During the Reporting Period, the Directors received updates on the Listing Rules, legal and other regulatory requirements and the latest development of the Group's business and are encouraged to participate in continuous professional development to develop their knowledge and skills. Training seminars on regulations and updates were also provided to all Directors.

Pursuant to the requirements of the code provisions set out in the Corporate Governance Code, all Directors have provided the Company with records of the training they received to ensure that their contributions to the Board remain informed and relevant.

A summary of training received by Directors during the Reporting Period according to the records provided by the Directors is as follows:

	Seminar on regulations and updates	Reading materials relating to regulatory update and corporate governance matters
Executive Director		
Mr. YUAN Jianhua (resigned on 31 March 2021)	✓	✓
Non-executive Directors		
Mr. Darryl E GREEN	✓	✓
Mr. John Thomas MCGINNIS (appointed on 29 June 2020)	✓	✓
Mr. Sriram CHANDRASEKAR (resigned on 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	✓	✓

THE BOARD OF DIRECTORS (Continued)

Board meetings

The Board meets regularly to discuss and formulate the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through electronic means of communications. Code provision A.1.1 of the Corporate Governance Code stipulates that Board meetings shall be held at least four times a year at approximately quarterly intervals. Additional meetings would be arranged, if and when required. The date of each meeting is decided in advance to enable the Directors to attend the meeting in person.

The company secretary of the Company ("Company Secretary") assists the Chairman in establishing the meeting agenda and each Director may request inclusion of items in the agenda. A notice of at least 14 days is given to all Directors for all regular Board meetings. Relevant information is circulated to all Directors normally three days in advance of the Board meetings.

The management will submit relevant reports to the Directors for review as part of meeting materials for every regular Board meeting. After the briefing given to the Directors, the management will answer any enquiry made by the Directors. The Board may make informed assessment on the financial and other information submitted to them for their approval. Sufficient time will be allowed for the Directors to discuss.

The Chairman ensures that all Directors are properly briefed on issues arising from Board meetings and that they receive adequate information in a timely manner in order to assist them to make informed decisions and discharge their duties as Directors. Upon reasonable request, the Directors and Board Committees will have access to independent professional advice in appropriate circumstances at the Company's expense in carrying out their duties.

During the Reporting Period, the Directors have made active contribution to the affairs of the Group and five Board meetings were held to consider, among other things, various transactions contemplated by the Group, to review the Group's operations and developments, to review and approve investment proposals and to review and approve the interim results and annual results and report of the Group. According to Article 16.23 of the Articles of Association, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or any other proposal whatsoever in which he or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest.

Meeting minutes of the Board and Board Committees are recorded in appropriate details and draft minutes are circulated to the respective Board members for comments before being approved by the Board and Board committees. All minutes are kept by the Company Secretary and are open for inspection by the Directors on reasonable notice.

THE BOARD OF DIRECTORS (Continued)

Board meetings (Continued)

Attendance record of Directors

During the Reporting Period, the Company held five Board meetings, two audit committee meetings, two remuneration committee meetings, two nomination committee meetings and one Shareholders' meeting. A meeting between Chairman and independent Directors was held during the Reporting Period without presence of other non-executive Directors. The attendance record of Directors at the meetings of the Board and the Board committees held during the Reporting Period is set out below:

	Number of meetings attended/Number of meetings entitled to attend					
	AGM	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Chairman meeting with Independent non-executive Directors
Executive Director						
Mr. YUAN Jianhua (resigned on 31 March 2021)	1/1	5/5	N/A	N/A	N/A	N/A
Non-executive Directors						
Mr. Darryl E GREEN	1/1	5/5	N/A	2/2	2/2	1/1
Mr. John Thomas MCGINNIS (appointed on 29 June 2020)	1/1	3/5	1/2	N/A	N/A	N/A
Mr. Sriram CHANDRASEKAR (resigned on 29 June 2020)	0/1	2/5	1/2	N/A	N/A	N/A
Mr. ZHANG Yinghao	1/1	5/5	N/A	2/2	2/2	N/A
Mr. ZHAI Feng	1/1	4/5	1/2	N/A	N/A	N/A
Independent non-executive Directors						
Mr. Thomas YEOH Eng Leong	1/1	5/5	2/2	2/2	2/2	1/1
Ms. WONG Man Lai Stevie	1/1	5/5	2/2	2/2	2/2	1/1
Mr. Victor HUANG	1/1	5/5	2/2	2/2	2/2	1/1

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties set out in code provision D.3.1 of the Corporate Governance Code including:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with Appendix 14 to the Listing Rules (Corporate Governance Code and Corporate Governance Report).

The Board had performed the above duties during the Reporting Period.

BOARD COMMITTEES

The Board has established three committees being the audit committee, the remuneration committee and the nomination committee (collectively the "Board Committees"), for overseeing particular aspects of the affairs of the Group. All Board Committees have been established with specific terms of reference, which are available on the websites of the Company and the Stock Exchange respectively. All the Board Committees should report to the Board on their decisions or recommendations made.

All Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses. The duties and work done by the foregoing Board Committees for the Reporting Period are detailed below.

Audit committee

The Company established the audit committee in compliance with Rules 3.21 of the Listing Rules with written terms of reference in compliance with the Corporate Governance Code set forth in Appendix 14 to the Listing Rules on 5 June 2019. The primary duties of the audit committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting system, risk management and internal control systems of the Group, to oversee the audit process, to develop and review the policies and to perform other duties and responsibilities as assigned by the Board.

The audit committee consists of 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. Mr. Victor HUANG has been appointed as the chairman of the audit committee, and is an independent non-executive Director with the appropriate professional qualifications.

The Board has also delegated the corporate governance duties to the audit committee for performing the functions set out in the code provision D.3.1 of the Corporate Governance Code.

BOARD COMMITTEES (Continued)

Audit committee (Continued)

According to the requirement under the code provision C.3.3(e)(i) of the Corporate Governance Code, members of the audit committee should liaise with the board and senior management and the audit committee must meet, at least twice a year, with the issuer's external auditor.

During the Reporting Period, the audit committee held two meetings with the senior management and external auditor of the Company in March and August 2020 respectively. The agenda of which is set out as following:

- reviewing annual results of 2019 and 2019 annual report, interim results of 2020 and 2020 interim report;
- reviewing and discussing the risk management and internal control systems and opinion of independent auditor;
- reviewing the continuing connected transactions during the year ended 31 December 2019 and 6 months period ended 30 June 2020; and
- reviewing the independence of external auditor of the Company and considering the re-appointment of external auditor of the Company.

The attendance record of individual Directors of the audit committee meetings is set out on page 32 of this report.

Remuneration committee

The Company established the remuneration committee in compliance with Rule 3.25 of the Listing Rules with written terms of reference in compliance with the Corporate Governance Code set forth in Appendix 14 to the Listing Rules on 5 June 2019. The primary duties of the remuneration committee are to establish and review the policy and structure of the remuneration for the Directors and senior management and make recommendation to the Board on remuneration package of the Directors and employee benefit arrangement. The remuneration of all of the Directors and senior management is subject to regular monitoring by the remuneration committee to ensure that levels of their remuneration and compensation are appropriate.

The remuneration committee consists of two non-executive Directors, namely, Mr. Darryl E GREEN and Mr. ZHANG Yinghao, and three independent non-executive Directors, namely, Mr. Thomas YEOH Eng Leong, Ms. WONG Man Lai Stevie and Mr. Victor HUANG. Mr. Thomas YEOH Eng Leong has been appointed as the chairman of the remuneration committee.

During the Reporting Period, the remuneration committee held two meetings to review the remuneration structure of the Directors and senior management of the Group and appraisal system of the key positions of the Group and discuss the appointment of remuneration consultant and the proposed grant of share options. The remuneration committee also discussed and recommended the Board the remuneration of the new non-executive Director. The attendance record of individual Directors of the remuneration committee meetings is set out on page 32 of this report. Details of the remuneration payable to each Director for the year ended 31 December 2020 are set out in note 11 to the consolidated financial statements on page 135 of this report.

BOARD COMMITTEES (Continued)

Remuneration committee (Continued)

Remuneration payable to members of senior management

Pursuant to code provision B.1.5 of the Corporate Governance Code, the annual remuneration of members of the senior management by band for the year ended 31 December 2020 is set out below:

	Number of members of senior management
RMB2,000,001 to RMB3,000,000	1
RMB3,000,001 to RMB4,000,000	1
RMB4,000,001 to RMB5,000,000	–
	2

Nomination committee

The Company established the nomination committee with written terms of reference in compliance with the Corporate Governance Code set forth in Appendix 14 to the Listing Rules on 5 June 2019. The primary duties of the nomination committee are to make recommendations to the Board on the appointment of members of the Board.

The nomination committee consists of two independent non-executive Directors, namely, Mr. Darryl E GREEN and Mr. ZHANG Yinghao, and three independent non-executive Directors, namely, Mr. Thomas YEOH Eng Leong, Ms. WONG Man Lai Stevie and Mr. Victor HUANG. Ms. WONG Man Lai Stevie has been appointed as the chairman of the nomination committee.

During the Reporting Period, the nomination committee convened two meetings in March and June 2020 respectively. The agenda of which is set out below:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board;
- assessing the independence of the independent non-executive Directors;
- considering and recommend to the Board the proposal for re-election of the retiring Directors;
- reviewing the board diversity policy of the Company; and
- considering and recommending Mr. John Thomas MCGINNIS to the Board as the new non-executive Director and audit committee member in accordance with the director nomination policy and Board diversity policy of the Company.

BOARD COMMITTEES (Continued)

Nomination committee (Continued)

Nomination policy

The Company adopted a director nomination policy in accordance with the Corporate Governance Code. The director nomination policy sets out the selection criteria and process and the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

The nomination committee utilises various methods for identifying candidates for directorship, including recommendations from Board members, management, and professional search firms. In addition, the nomination committee will consider candidates for directorship properly submitted by the Shareholders. The evaluation of candidates for directorship by the nomination committee may include, without limitation, review of resume and job history, personal interviews, verification of professional and personal references and performance of background checks. The Board will consider the recommendations of the nomination committee and is responsible for designating the candidates for directorship to be considered by the Shareholders for their election at the general meeting of the Company, or appointing the suitable candidate to act as Director to fill the Board vacancies or as an additional to the Board members, subject to compliance of the constitutional documents of the Company. All appointments of Director should be confirmed by letter of appointment and/or service contract setting out the key terms and conditions of the appointment of Directors.

The nomination committee should consider the following qualifications as a minimum to be required for a candidate in recommending to the Board to be a potential new Director, or the continued service of existing Director:

- the highest personal and professional ethics and integrity;
- proven achievement and competence in the nominee’s field and the ability to exercise sound business judgment;
- skills that are complementary to those of the existing Board;
- the ability to assist and support management and make significant contributions to the Company’s success;
- an understanding of the fiduciary responsibilities that is required for a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities; and
- independence: the candidates for independent non-executive directorship should meet the “independence” criteria as required under the Listing Rules and the composition of the Board is in conformity with the provisions of the Listing Rules.

The nomination committee may also consider such other factors as it may deem are in the best interests of the Company and the Shareholders as a whole.

FINANCIAL REPORTING SYSTEM, RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Financial reporting system

The Board, supported by the finance department, is responsible for the preparation of the financial statements of the Company and the Group. In preparation of the financial statements, IFRSs have been adopted and the appropriate accounting policies have been consistently used and applied. The Board aims to present a clear and balanced assessment of the Group's performance in the annual and interim reports to the Shareholders, and make appropriate disclosure and announcements in a timely manner. Pursuant to code provision C.1.1 of the Corporate Governance Code, the management would provide such explanation and information as well as business development and also with management accounts and regular updates to the Board as will enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The work scope and reporting responsibilities of Deloitte Touche Tohmatsu, the Company's external auditor, are set out in the "Independent Auditor's Report" on pages 88 to 92 of this report.

Risk management and internal control system

The Board acknowledges its overall responsibility for maintaining an adequate and effective risk management and internal control systems of the Group on an ongoing basis and reviewing their effectiveness at least annually. The internal control system covers all major aspects of the Group's operations, including, among others, operations, procurement, financial reporting, human resource, legal and compliance, information technology, budgeting and accounting processes.

With respect to the Group's risk management and internal control measures, the Group has a set of comprehensive policies and guidelines which set out details regarding the internal control standards, segregation of responsibilities, approval procedures and personnel accountability in each aspect. The Group also carries out regular internal assessments and training to ensure its employees are equipped with sufficient knowledge on such policies and guidelines. Such systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives, and aim to provide a reasonable, as opposed to an absolute assurance against material misstatement or loss. Under its framework, general management, finance and accounting departments are primarily responsible for the design, implementation and maintenance of the risk management and internal control systems, while the Board and the audit committee oversee the actions of management and monitor the effectiveness of these systems and to safeguard the Group's assets.

The Company does not have an internal audit function while the Company has developed a quality assurance function responsible for some of internal audit functions in its business operations. The primary responsibility of quality assurance function is to ensure the authenticity of orders and the rationality of billings by establishing procedures of client review, candidate review and order review embedded in daily operations. The Board is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. It was decided that the Board would be directly responsible for internal control of the Group and for reviewing its effectiveness and the Board would conduct the review annually.

The Group engaged an external consultant specialising in identifying and evaluation of significant risk of its business and operations. The external consultant does not have any connection with the Group and the Board believes that their involvement could enhance the objectivity and transparency of evaluation process. In conjunction with the Group's various department and senior management, the external consultant conducts an annual assessment on risk management and internal control systems of the Group together with suggestion and solutions and submit to the Board for their consideration.

FINANCIAL REPORTING SYSTEM, RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (Continued)

Risk management and internal control system (Continued)

During the Reporting Period, the Group has implemented procedures and internal controls for the handling and dissemination of inside information. In particular, the Group:

- has conducted its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission in June 2012;

- has established its own disclosure obligation procedures, which set out the procedures and controls for the assessment of potential inside information and the handling and dissemination of inside information. The procedures have been communicated to the senior management and staff of the Company, and their implementation was monitored by the Company; and

- has made broad, non-exclusive disclosure of information to the public through channels such as financial reports, public announcements and its website.

The risk management and internal control systems are reviewed and assessed on an on-going basis by the audit committee and the executive Director, and will be further reviewed and assessed at least once each year by the Board. During the Reporting Period, these systems were reviewed and considered effective and adequate.

AUDITOR'S REMUNERATION

The Company appointed Deloitte Touche Tohmatsu as the external auditor for the year ended 31 December 2020. A statement by Deloitte Touche Tohmatsu about their reporting responsibilities for the financial statements is included in the Independent Auditor's Report from pages 90 to 92 of this report.

For the year ended 31 December 2020, the remunerations payable to Deloitte Touche Tohmatsu in respect of its audit services and non-audit services are approximately RMB2.8 million and RMB1.3 million respectively. The amount for 2020 non-audit services consisted mainly of reviewing the group's interim result. The audit committee of the Company was satisfied that the non-audit services in 2020 did not affect the independence of the auditor.

JOINT COMPANY SECRETARIES

The Joint Company Secretaries are responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed.

Ms. GAO Xingyue, the Joint Company Secretary of the Company, is a full-time employee of the Company and familiar with the day-to-day affairs of the Company.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engages an external service provider to provide secretarial service. During the Reporting Period, Ms. WONG Yee Man resigned as the Joint Company Secretary and succeeded by Ms. TSUI Sum Yi who was appointed on 4 September 2020. Her primary contact person at the Company is Ms. GAO.

During the Reporting Period, Ms. GAO and Ms. TSUI have confirmed they have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

The biographies of Ms. GAO and Ms. TSUI is set out in the "Biographies of Directors and Senior Management" section on page 26 of this report.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

Pursuant to Article 12.3 of the Articles of Association, extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting forward proposals at general meeting

There are no provisions under the Articles of Association regarding procedures for shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

Enquiries to the Board

Procedures for sending enquiries to the Board indicate Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary at the Company's principal place of business in Hong Kong at Rooms 2303-04, 9 Chong Yip Street, Kwun Tong, Kowloon, Hong Kong.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investors relations and investors' understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through adequate communications, annual general meetings and other general meetings as well as the published disclosures submitted to the Stock Exchange's and the Company's official websites. During the Reporting Period, the AGM was held on 29 June 2020. The attendance records of the Directors at the general meeting are set out in the section headed "Board Meetings" on page 32 of this report.

CONSTITUTIONAL DOCUMENTS

The Company adopted an amended and restated Memorandum and Articles of Association on the Listing Date and there had been no change to the Company's constitutional documents during the Reporting Period. The Company's Memorandum and Articles of Association is available on the Company's website and the Stock Exchange's website.

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 Reporting Period.

As required by the Company, relevant officers and employees of the Company are also bound by the Model Code, which prohibits them to deal in securities of the Company at any time when he/she possesses inside information in relation to those securities. No incident of non-compliance of the Model Code by the relevant officers and employees was noted by the Company.

Directors' Report

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of HR services. An analysis of the Group's revenue and operating results for the year ended 31 December 2020 by its principal activities is set out in note 5 to the consolidated financial statements of the Group on pages 126 to 131 of this report.

RESULTS

The results of the Group for the year ended 31 December 2020 are set out in the section headed "Management Discussion and Analysis" of this report and the consolidated statement of profit or loss and other comprehensive income of the Group on pages 93 to 94 of this report.

BUSINESS REVIEW

A review of the business of the Group, including an analysis of the Group's financial performance using key performance indicators and a discussion of likely future developments in the business of the Group, is set out in the section headed "Management Discussion and Analysis" on pages 6 to 19 of this report. In addition, discussions on the Group's environmental protection policies, performance and relationships with employees, customers, suppliers and major stakeholders is set out in the section headed "Environmental, Social and Governance Report" of this report. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2020 are set out in note 38 to the consolidated financial statements on page 180 of this report. An account of the Company's key relationships with its employees, customers and suppliers, please refer to the sections headed "Management Discussion and Analysis – Employees, Remuneration Policy and Training" and "Directors' Report – Major Customers and Suppliers" of this report. These discussions form part of the Directors' Report.

Principal risks and uncertainties

There are certain principal risks and uncertainties faced by the Group in the normal course of business include: (i) geographical events such as US-China trade war, the Brexit or the COVID-19 outbreak, which affect the demand of the Group's services; (ii) failure to retain existing clients and attract new clients; (iii) failure to compete successfully in a rapidly evolving market in which the Group operates and (iv) failure to maintain, protect and enhance the brands. However, the above is not exhaustive and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

In order to manage the Group's exposure to the aforementioned risks and to attract or retain clients, the Group has strived and will continue to strive to provide high-quality services or solutions valued by the business customers.

Compliance with the relevant laws and regulations

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of, or non-compliance, with applicable laws and regulations by the Group.

GEOGRAPHICAL ANALYSIS OF OPERATION

An analysis of the Group's revenue from operations by geographical locations of customers for the year ended 31 December 2020 is set out in note 5 to the consolidated financial statements.

PROPERTY AND EQUIPMENT

Changes to the property and equipment of the Group during the Reporting Period are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the issued shares of the Company during the Reporting Period are set out in note 28 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES OF THE COMPANY

Details of the movement in the reserves of the Company during the Reporting Period are set out in page 180 of this report. In respect of Company, the amount of reserves available for distribution under the Companies Laws of the Cayman Islands as at 31 December 2020 was RMB0.8 billion.

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2020 and the state of the Group's financial position as at that date are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and the Consolidated Statement of Financial Position on pages 93 to 96 of this report.

DIVIDEND POLICY

The Company has adopted a dividend policy, pursuant to which the Company may declare and distribute dividends to the Shareholders, provided that the Group records a profit after tax and that the declaration and distribution of dividends does not affect the normal operations of the Group. In deciding whether to propose a dividend and in determining the dividend amount, the Board would take into account the Group's earnings, cash flow, financial condition, capital requirements, statutory fund reserve requirements and any other conditions that the Board may consider relevant. Whilst the Board will review from time to time for determination on proposed dividend with the above factors taken into account, there can be no assurance that dividends will be declared or paid in any particular amount for any given period.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK$0.32 per Share (equivalent to RMB0.27 per Share) amounting to a total of HK$66.4 million (equivalent to RMB56.0 million) for the year ended 31 December 2020 (the "2020 Proposed Final Dividend"), representing approximately 45% of the Group's profit attributable to owners of the Company from continuing operations for the year ended 31 December 2020. The 2020 Proposed Final Dividend is subject to the approval of the Shareholders at the AGM to be held on Tuesday, 29 June 2021. The 2020 Proposed Final Dividend will be declared and paid in Hong Kong dollars.

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

DIRECTORS

The Directors during the Reporting Period and up to the date of this report were:

Name of Director	Position
Mr. YUAN Jianhua (resigned on 31 March 2021)	Executive Director
Mr. CUI Zhihui (appointed on 31 March 2021)	Executive Director
Mr. Darryl E GREEN	Non-executive Director
Mr. John Thomas MCGINNIS (appointed on 29 June 2020)	Non-executive Director
Mr. Sriram CHANDRASEKAR (resigned on 29 June 2020)	Non-executive Director
Mr. ZHANG Yinghao	Non-executive Director
Mr. ZHAI Feng	Non-executive Director
Mr. Thomas YEOH Eng Leong	Independent non-executive Director
Ms. WONG Man Lai Stevie	Independent non-executive Director
Mr. Victor HUANG	Independent non-executive Director

In accordance with Article 16.2 of the Articles of Association, any Director appointed by the Board to fill a casual vacancy in the Board or as an additional member of the Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election at such meeting. In addition, in accordance with Article 16.19 of the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

Pursuant to Article 16.19 of the Articles of Association, Mr. Darryl E GREEN, Mr. ZHANG Yinghao and Mr. Thomas YEOH Eng Leong shall retire by rotation and being eligible, have offered for re-election at the forthcoming AGM to be held on Tuesday, 29 June 2021 (the "2021 AGM"). Accordingly, all Directors shall retire from office by rotation at the 2021 AGM and, being eligible, offer themselves for re-election.

Pursuant to Article 16.2 of the Articles of Association, Mr. CUI Zhihui, being new Director appointed on 31 March 2021, shall hold office until the forthcoming AGM and being eligible, shall offer himself for re-election.

DIRECTORS' SERVICE CONTRACTS

The executive Director has entered into a service agreement with the Company for an initial fixed term of three years commencing on the Listing Date, until terminated by not less than three months' notice in writing served by either party on the other. Each of the non-executive Directors has entered into an appointment letter with the Company for an initial fixed term of three years, until terminated by not less than three months' notice in writing served by either party on the other. Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial fixed term of one year, until terminated by not less than three months' notice in writing served by either party on the other.

None of the Directors who are proposed for election or re-election at the 2021 AGM has a service contract or appointment letter with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

REMUNERATION OF THE DIRECTORS

Details of remuneration of the Directors during the Reporting Period are set out in note 11 to the consolidated financial statements. Each of Mr. Darryl E GREEN, Mr. John Thomas MCGINNIS, Mr. ZHANG Yinghao, Mr. ZHAI Feng and Mr. Sriram CHANDRASERKAR agreed to waive for receiving the remuneration offered by the Board of HK$240,000 for the year ended 31 December 2020.

EMOLUMENT POLICY

A remuneration committee was set up to make recommendations on the Company's emolument policy and structure for all remuneration of the Directors and senior management of the Group on the basis of their merit, qualifications and competence.

The Company has adopted the Share Option Scheme as incentive to eligible employees, details of which are set out in the section headed "Share Option Scheme" of this section.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out in the section headed "Biographies of Directors and Senior Management" of this report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, save as otherwise disclosed under the section headed "Director's Report – Continuing connected transactions" of this report, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in a business that competed or might compete with the business of the Group.

NON-COMPETITION UNDERTAKINGS

MAN and CM Phoenix Tree Limited declared during the Reporting Period it had complied with the undertakings given under the MAN Deed of non-competition and CPE Deed of Non-competition, respectively, as disclosed in the Prospectus.

The independent non-executive Directors did not notice any incident of non-compliance of such undertakings and have reviewed the status of compliance with the undertakings under the MAN Deed of Non-Competition by MAN and CPE Deed on Non-competition by CM Phoenix Tree Limited and confirmed that such non-competition undertakings have been complied with during the Reporting Period.

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.

SHARE OPTION SCHEME (Continued)

Details of the Share Option Scheme (Continued)

(2) **Participants**

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

(3) **The maximum number of Shares available for issue**

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

(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 Reporting Period:

Grantees	Date of grant	Exercise price per Share (HK$)	Exercise period	Outstanding as at 1 Jan 2020	Changes during the year ended 31 December 2020: Granted *(Note a)*	Exercised	Cancelled	Lapsed/ Forfeited	Outstanding as at 31 Dec 2020
Mr. YUAN Jianhua (resigned on 31 March 2021) (Executive Director)	20 Sep 2019 *(Note b)*	10.94	20 Sep 2022 – 20 Sep 2025	400,000	–	–	–	–	400,000
	8 April 2020 *(Note c)*	8.76	8 April 2023 – 8 April 2026	–	400,000	–	–	–	400,000
Other Employees	20 Sep 2019 *(Note b)*	10.94	20 Sep 2022 – 20 Sep 2025	3,427,000	–	–	–	(529,000)	2,898,000
	8 April 2020 *(Note c)*	8.76	8 April 2023 – 8 April 2026	–	3,567,000	–	–	(260,000)	3,307,000
Total				3,827,000	3,967,000	–	–	(789,000)	7,005,000

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$10.68 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 RMB3.7 million (equivalent to approximately HK$4.1 million). For the model used in determining the value of the options, please refer to note 29 to the consolidated financial statements on pages 154 to 156 of this 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 Reporting Period.

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

As at 31 December 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 1)*	Approximate percentage of shareholding
Mr. YUAN Jianhua (resigned on 31 March 2021)	Beneficial owner	1,004,750 (L)	0.48%
	Interest of controlled corporation *(Note 2)*	6,485,349 (L)	3.13%

Notes:

1. As at 31 December 2020, the Company issued 207,500,000 Shares. The letter (L) denotes the entity's long position in the relevant Shares.

2. These shares were held by MPG Management Inc, which is owned as to approximately 68.33% by MPG Management (HK) Limited. MPG Management (HK) Limited is a wholly-owned subsidiary of Tianjin Manpa Business Consulting Limited Partnership. Tianjin Manpa Business Consulting Limited Partnership is owned as to 34.60% by Shanghai Manpa Business Consulting Limited Partnership, which was in turn owned as to 99.00% by Mr. YUAN Jianhua. Accordingly, Mr. YUAN Jianhua was deemed to be interested in these shares of the Company pursuant to Part XV of the SFO.

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

As at 31 December 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	64,015,263 (L)	30.85%
CM Phoenix Tree II Limited *(Note 3)*	Interest in controlled corporation	64,015,263 (L)	30.85%
CPEChina Fund II, L.P. *(Note 3)*	Interest in controlled corporation	64,015,263 (L)	30.85%

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 Associates II, L.P. (Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%
CITIC PE Funds II Limited (Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%
CITICPE Holdings Limited (Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%
CLSA Global Investments Management Limited (Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%
CLSA B.V. (Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%
CITIC Securities International Company Limited (Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%
CITIC Securities Company Limited (Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%

Notes:

(1) As at 31 December 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 31 December 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.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Scheme, at no time during the Reporting Period was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the sections headed "Continuing connected transactions", "Related party transactions" and "Management discussion and analysis" and note 35 to the consolidated financial statements contained in this report, no transactions, arrangements or contracts of significance in relation to which the Company, its holding company or subsidiaries was a party and in which a Director or his/her connected entities had a material interest, whether directly or indirectly, subsisted during the Reporting Period.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in the sections headed "Continuing connected transactions", "Related party transactions" and "Management discussion and analysis" and note 35 to the consolidated financial statements contained in this report, no contracts of significance (i) in relation to the Group's business; or (ii) for provision of services to the Company (or any of its subsidiaries) by a Controlling Shareholder (or any of its subsidiaries) between the Company (or any of its subsidiaries) and a Controlling Shareholder (or any of its subsidiaries) subsisted during the Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, revenue attributable to the Group's largest customer amounted to approximately 22% of the Group's total revenue and the Group's five largest customers in aggregate accounted for less than 34% of the Group's revenue for the year.

During the Reporting Period, purchases attributable to the Group's largest supplier amounted to approximately 11% of the Group's total purchases and the Group's five largest suppliers in aggregate accounted for 35% of the Group's total purchase for the year.

None of the Directors, their close associates or any Shareholders, which to the knowledge of the Directors owned more than 5% of the Company's issued Shares, had an interest in the share capital of any of the five largest suppliers and customers.

CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, the Company conducted the following transactions which constitute non-exempt continuing connected transactions (as defined in the Listing Rules) of the Company, details of these transactions are set out below:

Trademark and proprietary product licensing

On 20 June 2019, MAN (as licensor), ManpowerGroup Greater China (HK) Limited ("Manpower HK") (as licensee) and the Company entered into an amended and restated brand license agreement (the "Brand License Agreement") to amend and restate the license agreement between MAN and the Company dated 16 July 2015 (the "Original License Agreement") and to novate all the rights and obligations of the Company under the Original License Agreement to Manpower HK.

Pursuant to the Brand License Agreement, among others, MAN granted to Manpower HK an exclusive and non-transferable license to use certain trademarks and proprietary products solely for the purpose of and relating to, among others, the carrying on of the Group's business within the Greater China region. Under the Brand License Agreement, Manpower HK has the right to sublicense the use of the licensed trademarks and proprietary products within the Greater China region to any other member of the Group (including the Company) from time to time, including the subsidiaries and their branches in the Greater China region from time to time, provided that (i) the entities so sublicensed must be a subsidiary or branch of the Company or a member of our Group; and (ii) the entities so sublicensed shall be subject to at least the same level of restrictions on the obligations as Manpower HK as licensee arising from the Brand License Agreement. The term of the Brand License Agreement shall be perpetual from the Listing Date for so long as MAN, directly or indirectly, remains a shareholder in Manpower HK or the Company of at least 0.1% of each of its issued shares.

The annual caps of transactions contemplated under the Brand License Agreement would be RMB11,904,000, RMB16,430,000 and RMB22,181,000 for the years ended 31 December 2019 and 2020 and the year ending 31 December 2021, respectively. For the year ended 31 December 2020, the aggregate royalty fees in respect of such licensing arrangement amounted to RMB7.6 million.

Flexible staffing services provided to the MAN Group

On 13 June 2019, the Company and MAN entered into a master services agreement (the "Master Services Agreement"), pursuant to which it was agreed that among others, the Group would continue to provide to the MAN Group flexible staffing services already existing as of the Listing Date in jurisdictions which the Group operates for a term commencing from the Listing Date until 31 December 2021. Such services include (i) project-based flexible staffing services where certain customers of the MAN Group have staffing needs within Greater China and we provide the relevant services to the MAN Group to enable it to serve such customers; and (ii) the staffing of a management staff in charge of project implementation who is based in Greater China and who serves the MAN Group in the territory.

The annual caps of transactions contemplated under the Master Services Agreement would be RMB4,765,000, RMB6,195,000 and RMB8,054,000 for the years ended 31 December 2019 and 2020 and the year ending 31 December 2021, respectively. For the year ended 31 December 2020, the aggregate fees for the project-based services provided by the Group to the MAN Group amounted to RMB2.6 million.

CONTINUING CONNECTED TRANSACTIONS (Continued)

Flexible staffing services provided by the MAN Group

During the ordinary course of business, the Group has been receiving project-based flexible staffing services from the MAN Group, which have arisen when certain customers of the Group have staffing needs in jurisdictions which the MAN Group operates and the MAN Group provides the relevant services to the Group to enable it to serve such customers. The fees payable by the Group in respect of such services are determined based on arm's length negotiations between the parties on the same pricing basis as the historical transactions, with reference to the pending expiration of certain current contracts with the Group's customers by 2019, the expected inflation and the estimated demand for related services arising from the existing projects in the coming years. The annual caps of such transactions would be RMB657,000, RMB721,000 and RMB840,000 for the years ended 31 December 2019 and 2020 and the year ending 31 December 2021, respectively. For the year ended 31 December 2020, the aggregate fees for services provided by the MAN Group amounted to RMB0.4 million.

Provision of information technology services

During the ordinary course of business, certain third party-owned software used by the Group was maintained through certain information technology services provided by the MAN Group to the Group, as the MAN Group possessed the related technical knowhow for maintenance of the related software. The related service fees are determined with reference to factors including the costs of provision of the related services, the then prevailing market price for such services and the approximate time and manpower spent by the MAN Group. The annual caps of such transactions would be RMB239,000, RMB310,000 and RMB403,000 for the years ended 31 December 2019 and 2020 and the year ending 31 December 2021, respectively. For the year ended 31 December 2020, the aggregate fees for services provided by the MAN Group amounted to RMB0.1 million.

Provision of management coordination services

During the ordinary course of business, the Group provided management coordination services to the MAN Group to coordinate the consistent implementation of business plans and project execution among the regional offices of the MAN Group and the Group in respect of the provision of HR consultancy services by the two groups in the Asia Pacific region. The transaction amounts in relation to such services will be determined based on arm's length negotiations between the parties on the same pricing basis as the historical transactions with reference to inflation and the estimated demand for related services in the coming years. The annual caps of such transactions would be RMB767,000, RMB997,000 and RMB1,296,000 for the years ended 31 December 2019 and 2020 and the year ending 31 December 2021, respectively. For the year ended 31 December 2020, the aggregate fees for services provided by the MAN Group is nil.

CONTINUING CONNECTED TRANSACTIONS (Continued)

Software licensing and maintenance services

During the ordinary course of business, the Group was granted use of certain software developed and owned by the MAN Group for its operation purpose to facilitate the provision of HR consultancy services. Ancillary maintenance services in respect of such software are also provided by the MAN Group. Pursuant to the Master Services Agreement, MAN would grant to the Group a non-exclusive license for continued use of such software and would continue to provide the related maintenance services to the Group. The transaction amounts in relation to such arrangement are determined based on arm's length negotiations between the parties on the same pricing basis as the historical transactions with the reference to the estimated demand for related services in the coming years. The annual caps of such transactions would be RMB797,000, RMB1,036,000 and RMB1,346,000 for the years ended 31 December 2019 and 2020 and the year ending 31 December 2021, respectively. For the year ended 31 December 2020, the aggregate fees for services provided by the MAN Group amounted to RMB0.4 million.

Manpower Employment Outlook Survey ("MEOS") licensing

During the ordinary course of business, the MAN Group granted to the Group the use of MEOS, the market survey report in relation to global employment data and outlook published on a quarterly basis, for publicity and marketing purpose. Pursuant to the Master Services Agreement, MAN would grant the Group a non-exclusive license to continued use of MEOS. Such reports are commissioned by the MAN Group and prepared by third party contractors. The Group is charged by MAN at amounts representing the portion of the related costs for such market survey reports relevant to the Greater China region in which it operates. The transaction amounts for such arrangement are determined based on arm's length negotiations between the parties on the same pricing basis as the historical transactions. The annual caps of such transactions would be RMB129,000, RMB167,000 and RMB218,000 for the years ended 31 December 2019 and 2020 and the year ending 31 December 2021, respectively. For the year ended 31 December 2020, the aggregate fees for services provided by the MAN Group amounted to RMB0.1 million.

MAN is one of the Controlling Shareholders and hence a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions under the Brand License Agreement and Master Services Agreement constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

Confirmation from independent non-executive Directors

Pursuant to Rule 14A.55 of the Listing Rules, all independent non-executive Directors have reviewed and confirmed that the above continuing connected transactions have been entered into in (i) the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS (Continued)

Confirmations from the Company's independent auditor

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged the auditor of the Company to conduct certain procedures in respect of the continuing connected transactions of the Group in accordance with the Hong Kong Standard on Assurance Engagement 3000 (Revised) "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has confirmed to the Board in writing that for the year ended 31 December 2020, the continuing connected transactions, which were entered into:

a. have received the approval of the Board;

b. have been in accordance with the pricing policies of the Company for transactions involving the provision of goods or services;

c. have been in accordance with the relevant agreement governing such transactions; and

d. have not exceeded the relevant announced cap amounts for the financial year ended 31 December 2020.

RELATED PARTY TRANSACTIONS

The related party transactions set out in note 35 to consolidated financial statements include related party transactions disclosed under accounting standards and related party transactions which also constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The related party transactions in respect of the remuneration of Directors and chief executives of the Company constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The related party transactions in respect of the remuneration of key management personnel (other than directors and chief executives) of the Company did not fall under the definition of connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. Unless otherwise disclosed in this report, the Directors believe, all other related party transactions set out in note 35 to the consolidated financial statements do not fall within the definition of "connected transactions" or "continuing connected transactions" under Chapter 14A of the Listing Rules (as the case may be). The Company confirmed that it was in compliance with the disclosure requirements in Chapter 14A of the Listing Rules for the year ended 31 December 2020 or a waiver from such provisions has been obtained from the Stock Exchange.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association, or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated under which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

TAX RELIEF

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities. If the Shareholders have any doubt in relation to any relief from taxation by holding the Shares, they are advised to consult their own professional advisers.

LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

The Company has not entered into any new loan agreements containing any covenant relating to specific performance of the Controlling Shareholders, which is required to be disclosed in accordance with Rule 13.18 of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained the minimum public float of 25% as required under Listing Rules.

CORPORATE GOVERNANCE

The Board is of opinion that the Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the year under review. Principal corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" section on pages 27 to 40 of this report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out in the section headed "Financial Summary" on page 57 of this report.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2020 are set out in note 36 to the consolidated financial statements.

PERMITTED INDEMNITY

The Articles of Association provide that every Director is entitled to be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which he may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

The Group has arranged appropriate insurance covering the potential legal actions against its Directors and Senior Management in connection with the discharge of their responsibilities for the year ended 31 December 2020.

The permitted indemnity provision was in force during the Reporting Period and remained in force as at the date of this report for the benefit of the Directors.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, the Group did not purchase, sell or redeem any of the listed securities of the Company.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the above paragraph headed "Share Option Scheme" in this section, no equity-linked agreements were entered into during the Reporting Period and subsisted at the end of the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into during the year or subsisted at the end of the year.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The 2021 AGM will be held on Tuesday, 29 June 2021. A notice convening the 2021 AGM will be published on the Company's website and the Stock Exchange's website and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course. For the purposes of determining the Shareholders' eligibility to attend, speak and vote at the 2021 AGM and the Shareholders' entitlement to the 2020 Proposed Final Dividend, the Register of Members will be closed as appropriate as set out below:

For determining Shareholder's entitlement to attend, speak and vote at the 2021 AGM

The Register of Members will be closed from Thursday, 24 June 2021 to Tuesday, 29 June 2021, both days inclusive, during which period no transfer of Shares will be effected. In order to determine the identity of members who are entitled to attend and vote at the 2021 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday 23 June 2021.

For determining Shareholder's entitlement to the 2020 Proposed Final Dividend

The Register of Members will be closed from Tuesday, 6 July 2021 to Friday, 9 July 2021, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the 2020 Proposed Final Dividend, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 5 July 2021.

EVENTS AFTER THE REPORTING PERIOD

Important events which have occurred after 31 December 2020 are disclosed in note 38 to the consolidated financial statements.

RETIREMENT BENEFITS PLAN

Details of retirement benefits plan of the Group for the relevant year are set out in note 30 to the consolidated financial statements.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID EMPLOYEES

Details of the Directors' remuneration and five highest paid employees for the relevant year are set out in notes 11 and 12 to the consolidated financial statements.

DISCLOSURE OF CHANGE IN DIRECTOR'S INFORMATION

The change in Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

- Mr. John Thomas MCGINNIS, a non-executive Director, was appointed as a director of a number of the Company's subsidiaries, ManpowerGroup Greater China (BVI) Ltd., ManpowerGroup Greater China (HK) Limited, and ManpowerGroup Solutions Holdings Hong Kong Limited on 1 September 2020.

- Mr. Victor HUANG, an independent non-executive Director, resigned as independent non-executive director of China Bright Culture Group, a company listed on the Main Board of the Stock Exchange (stock code: 1859) on 27 November 2020 and Trinity Limited, a company listed on the Main Board of the Stock Exchange (stock code: 891) on 31 December 2020. Also, he has been appointed as independent non-executive director of Evergrande Property Services Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 6666) on 13 November 2020.

Save as disclosed above, there is no other information in respect of any Director which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2020 have been audited by Deloitte Touche Tohmatsu who will retire at the 2021 AGM. Deloitte Touche Tohmatsu, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of Deloitte Touche Tohmatsu as the auditor of the Company will be proposed at the 2021 AGM.

There has been no change of auditor of the Company since the Listing.

On behalf of the Board
ManpowerGroup Greater China Limited
YUAN Jianhua
Executive Director and Chief Executive Officer

Hong Kong, 30 March 2021

Financial Summary

	Year ended 31 December				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from continuing operations	**3,222,631**	3,041,513	2,491,494	2,006,922	1,624,101
Profit for the year from continuing operations	**133,887**	120,478	108,265	89,541	69,656
Profit for the year from discontinued operation	**–**	–	5,030	5,021	7,186
Profit for the year	**133,887**	120,478	113,295	94,562	76,842
Profit for the year attributable to owners of the Company:					
– from continuing operations	**126,357**	110,149	95,040	81,376	61,070
– from discontinued operation	**–**	–	3,116	3,013	4,312
Profit for the year attributable to owners of the Company	**126,357**	110,149	98,156	84,389	65,382
Adjusted profit attributable to owners of the Company from continuing operations	**136,200**	134,975	113,235	84,389	65,382

	As at 31 December				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets	**274,748**	259,207	181,081	146,980	69,584
Current assets	**1,585,754**	1,470,700	952,280	980,162	862,940
Total assets	**1,860,502**	1,729,907	1,133,361	1,127,142	932,524
EQUITY AND LIABILITIES					
Total equity	**1,256,405**	1,219,075	722,709	749,536	665,637
Non-current liabilities	**52,758**	57,909	6,875	6,948	–
Current liabilities	**551,339**	452,923	403,777	370,658	266,887
Total liabilities	**604,097**	510,832	410,652	377,606	266,887
Total equity and liabilities	**1,860,502**	1,729,907	1,133,361	1,127,142	932,524

Environmental, Social and Governance Report

ABOUT THE REPORT

This is the second Environmental, Social and Governance ("ESG") report of ManpowerGroup Greater China Limited (the "Company", together with its subsidiaries "the Group"), highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 of the Listing Rules set out by The Stock Exchange of Hong Kong Limited. The Group has complied with all "comply or explain" provisions set out in the ESG Reporting Guide during the reporting period from 1 January 2020 to 31 December 2020 (the "Reporting Period").

Reporting Boundary

This report covers the Group's overall environmental and social performances of its human resources services, including flexible staffing, headhunting, recruitment process outsourcing, and other workforce solution operations in the People's Republic of China (PRC), Hong Kong and Macau, and Taiwan, during the Reporting Period, unless otherwise specified.

Reporting Principles

The preparation of the ESG Report has applied the following principles:

Materiality – materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders, the significant stakeholders, process, and results of the engagement of which are presented in the section "Stakeholder Communication" in the Report.

Quantitative – key performance indicators ("KPI"s) have been established, and are measurable and applicable to make valid comparisons under appropriate conditions; information on the standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used, have been disclosed when applicable.

Consistency – consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.

THE GROUP'S SUSTAINABILITY COMMITMENT

Governance Structure

The Board acknowledges that it has overall responsibility for the Group's ESG strategy and reporting, and for evaluating and determining the Group's ESG-related risks. Senior management has been delegated to oversee ESG-related issues. When any material topics or risks that may pose a threat to the Group's interests are identified, such information and suggestive measures to address such risks are reported to the Board. In regular Board meetings, senior management and the Board discuss further how such risks are approached. Their respective risks to the Group's financial performance would be evaluated. Targets, policies, and operating strategies are then set out accordingly to minimise negative effects brought to the Group. Priorities are generally given to those that have a higher risk in the short term.

To review and evaluate the progress and effectiveness of relevant ESG-related strategies, the Group communicates with stakeholders regularly to obtain their feedback. Some common methods include annual surveys on employee satisfaction, monthly meeting with employees, monthly interviews on client satisfaction, and regular communications with clients and potential talents. There are also working groups and departments for employee well-being and training, customer service, quality assurance, and community service.

THE GROUP'S SUSTAINABILITY COMMITMENT (Continued)

Commitments and Missions on ESG

Over the course of more than 20 years that the Group has devoted its human resources services, the enactment of its corporate social responsibility has always been embraced as its core value. The Group advocates for a three-dimensional sustainable development of society, economy, and environment, where environmentally friendly lifestyles are encouraged, employee's development are emphasised, and community investment and charity works are performed. The Group's continuous effort in promotion of sustainable development and raising awareness of such acts has made it a leader of ESG performance in the industry.

Within the working sphere, the Group is committed to ensuring the following principles,

- Empowering employees and unleashing their fullest potential
- Providing equal opportunities for all potential candidates irrespective of their gender, marital status, race, ethnicity, age, and religion
- Making sure employees feel comfortable and safe, and are able to work in an accident-free working environment
- Equipping employees with know-how of the industry, to increase their competency and enhance professionalism
- Protecting personal data and making sure they are kept confidential

Outside of the business, the Group also strives to carry out its corporate social responsibility whenever and wherever possible. Some of the key areas that the Group has been working on include,

- Facilitating employment in the local community by providing consultation to the unemployed, giving opinions to governing departments on trends of policies and research, and partaking in different associations that gives vocational guidance
- Taking part in rebuilding schools and communities affected by the 2008 Sichuan Earthquake
- Promoting community developments in partnership with the Hong Kong Community Chest

THE GROUP'S SUSTAINABILITY COMMITMENT (Continued)

Challenges and Development

In face of the uncertainty caused by the on-going geo-political tensions and trade disputes around the world, and the changing business environment due to COVID-19, the Group expects that the global economy prospect will remain uncertain. Having said that, the Group remains cautiously optimistic about its own business development.

To combat the challenges, the Group had adopted two main strategies, which were (i) shifting and expanding the business focus to secure long-term opportunities, and (ii) strengthening and investing in its information technology systems to improve overall efficiency of the services' life cycle. It was expected that such strategies would bring about positive outcome for local employment as well as for the development of the industry.

In terms of corporate refocusing, the Group approached it strategically. The most updated situations and effects of COVID-19 and the global economy on the Group's operations were monitored to adjust approaches correspondingly. As country-wide policy support and vaccines became available in Mainland China, the Group expects continuous strong growth momentum in its flexible staffing business in the country. As China's economy is on track of recovery in 2021, the Group is actively expanding its team capacity and accelerating expansion in under-penetrated regions across southern, central, and western China to further strengthen synergy. The recovery of Taiwan market will likely be gradual due to its nature as a small external economy which could be impacted by the pace of recovery of western economies. In Hong Kong, the Group has completed the transformation of business in 2020 shifting away from the higher-margin, higher-volatility outdoor marketing business towards the more stable, longer-term traditional flexible staffing business.

Regarding technology investment and internal operating system upgrades, the Group had developed and launched *All-in-One Workforce Technology Platform* (職場+) during the Reporting Period. By utilising artificial intelligence and big data to provide recruitment, crowdsourcing, and talent and human resources services to equip the business with more comprehensive development capabilities and further achieve synergies, clients were enabled to realise candidate-position matching and order filing more efficiently and accurately, and complete orders and enjoy benefits more easily ,whereas on-boarding procedures for associates are also made easier for more effective management. The all-in-one system also allows employees to manage their compensation, welfare, schedules, and expenses, which promotes better work efficiency for a work-life balance and cultivate a friendlier corporate culture, and gives employees access to training material on technical and managerial skills, equipping them with all types of skills that would be helpful for handling their designated tasks and future career development. In view of the importance of data protection in this day and age, the Group has put a lot of emphasis on data security and has been awarded with the ISO27001 Information Security Management System Certificate to make sure a safe data environment for its clients, associates and candidates. Overall, the digitalisation of the Group's work process had facilitated its clients, employees, and contingent workers to engage in the workforce solutions projects more effectively and facilitated a positive development for the industry.

Resulting from the above key strategies, the following achievements had been made during the Reporting Period,

- More duties had been arranged for its existing contingent workers

- The flexible staffing workforce had enlarged by approximately 13.2%

- Average training hours received by each employee had raised by approximately 132 hours

THE GROUP'S SUSTAINABILITY COMMITMENT (Continued)

Memberships

As mentioned above, the Group is a member of various associations as it intends to promote employment. Some of the associations that the Group has established close ties with and shared expertise to include,

- Beijing Human Resources Consulting Association
- Changshu Human Resources Service Industry Association
- Chengdu Human Resource Service Industry Association
- China Human Resources Association
- Guangdong Human Resource Management Association
- Shanghai Human Resources Consulting Association
- Shanghai Association of Foreign Investment
- Shenzhen Human Resources Association
- Suzhou Human Resources Service Industry Association
- Zhejiang Human Resources Consulting Association

Certification

The Group is also keen on delivering services that adhere to globally recognised standards. They have been accredited by the following certification,

- ISO 9001 – Quality Management System
- ISO 27001 – Information Security Management System
- Capability Maturity Model Integration

Awards and Recognition

In addition, the Group is recognised with different awards and titles for its persisting effort in promoting employment and undertaking its corporate social responsibility. Some of the awards received for the Group's excellent performance during the Reporting Period are,

- 2019-2020 Best SaaS Service Provider – Top Zhihui
- 2020 Best Recruiting Service Provider in HK – CTgoodjobs
- 2020 China Recruiting & Staffing Solution Provider – HR Excellence Centre
- 2020 Best Comprehensive HR Service Provider in Greater China – HRoot

THE GROUP'S SUSTAINABILITY COMMITMENT (Continued)

Awards and Recognition (Continued)

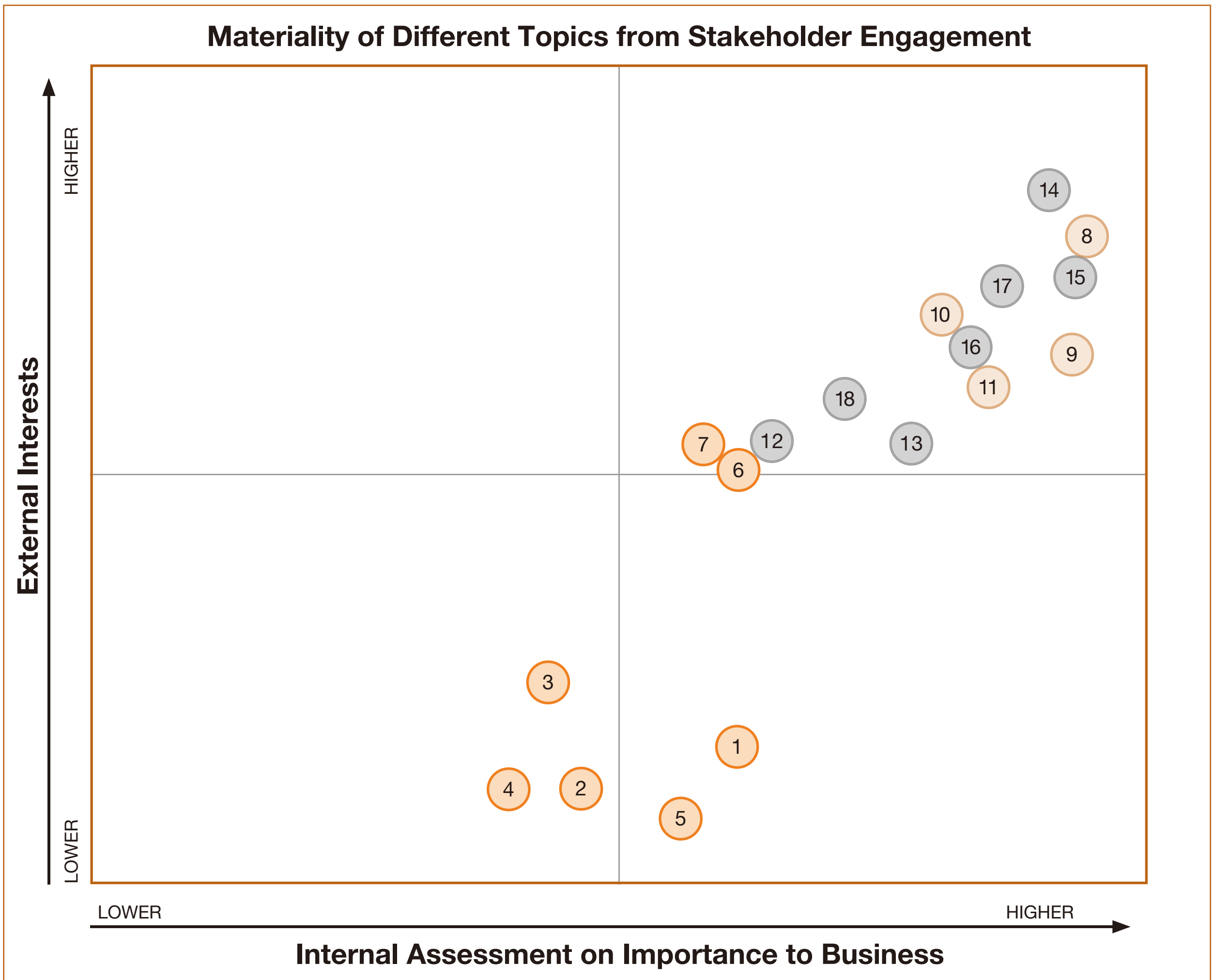
- 2020 Best Social Enterprises in Greater China – HRoot
- 2020 HR Tech INNO Awards – HR Tech China
- 2020 Top 30 Human Resources Science and Technology Innovation in China – HR Tech China
- 2020 Top 100 Human Resources Service Organisation in China – Top HR
- 2020 Best Integrated HR Services Provider – Top HR
- 2020 China Most Influential HR Brands in Outsourcing Services – Meet HR Group
- Outstanding Bay Area Corporate in Social Responsibility – Metro Finance & HKQAA
- China Corporate Social Responsibility Outstanding Governance Award – Shanghai Charity Foundation & Star Satellite TV
- 2021 NewFlag Award – HR Flag

STAKEHOLDER ENGAGEMENT AND MATERIALITY

The Group values input from its stakeholders as they are important parts of the Group. Both internal and external stakeholders are regularly communicated through different channels. For example, members of the Board, management, partners, and employees, might be consulted during periodic meetings and conferences, annual employees survey, and frequent mentorship communication; whereas regulators, clients, shareholders, service providers, and media are contacted via social media, press release, seminars, hotlines, official meetings, etc., such that their views and opinions regarding the development of the Group are better understood.

With regards to matters relating to ESG performances specifically, the Group has also invited stakeholders and representatives of the business to complete a survey in order to understand their concerns and expectations for the Group's future development. The results of the survey will allow the business to understand if there is any gap between stakeholders' expectations and the business's efforts in identifying and addressing key issues. While stakeholders include shareholders, staff, potential talents, associates, clients, and suppliers, parties that represent the business are the Board and senior management. The following matrix shows the results from the stakeholder engagement.

STAKEHOLDER ENGAGEMENT AND MATERIALITY (Continued)



Environmental		Labour Practices		Operational Practices	
1	Energy	8	Employment Policies	12	Supply Chain Management
2	Water	9	Occupational Health and Safety	13	Intellectual Property
3	Air Emission	10	Development and Training	14	Data Protection
4	Waste and Effluent	11	Labour Standards	15	Customer Service
5	Other Raw Materials Consumption			16	Product/Service Quality
6	Environmental Protection Measures			17	Anti-corruption
7	Climate Change			18	Community Investment

STAKEHOLDER ENGAGEMENT AND MATERIALITY (Continued)

Responses of the survey show that all topics of the labour and operational aspects are regarded as more important than those of the environmental aspects, presumably due to the Group's non-environmental polluting business nature. Five of the most material topics together with Product Quality are in the following order:

1. Data Protection
2. Employment Policies
3. Customer Service
4. Anti-Corruption
5. Occupational Health and Safety

Key Stakeholders	Most Concerned ESG Topics
DIRECTORS	Employment Policies, Occupational Health and Safety, Development and Training, Data Protection, Customer Service, Anti-Corruption
SENIOR MANAGEMENT	Employment Policies, Occupational Health and Safety, Labour Standards, Intellectual Property, Data Protection, Customer Service, Anti-Corruption
SHAREHOLDERS	Data Protection, Employment Policies, Development and Training
INTERNAL STAFF	Data Protection, Customer Service, Service Quality, Development and Training, Anti-Corruption
ASSOCIATES	Labour Standards, Occupational Health and Safety, Employment Policies, Development and Training, Data Protection
POTENTIAL TALENTS	Customer Service, Service Quality, Community Investment
CLIENTS	Customer Service, Data Protection Occupational Health and Safety, Employment Policies, Development and Training

To address material topics identified, the Group has upgraded its data protection design and implementation for extra security; employees' satisfaction and customer service are also addressed by doing client review, arranging additional training, and establishing *the workforce Technology Platform*. The Group will continue managing these key material aspects by establishing more policies and guidelines to achieve the goal of further enhancing the Group's ESG performance.

Stakeholders' Feedback

The Group welcomes stakeholders' feedback on its approach and performance relating to ESG. Please call +86 400 820 0711 to express your concerns.

A. ENVIRONMENTAL

Due to the Group's business nature, environmental impact induced by the operations is limited. This is also reflected by the stakeholder engagement, where topics of the environmental aspect are significantly less material than those of social aspects. Still, the Group abides by all environmental laws and regulations when applicable and takes steps to minimise its environmental footprint. The Group actively encourages its staff to take part in building a green working environment and be responsible for their impacts on the environment, by following the main principles of reducing, reusing and recycling. In order to make constant improvements, waste and emissions management measures within the Group is constantly reviewed.

A1. Emissions

During the Reporting Period, the Group did not generate any significant amount of air emission, such as NOx, SOx, PM, as its operations are all based in offices. Its main emissions are CO_2 emissions contributed indirectly by power usage. The Group does have a number of policies which aim to keep emissions and waste produced low.

1.1 Air Emissions

During the Reporting Period, the Group did not contribute any significant air emission due to its business nature.

1.2 Greenhouse Gas Emissions and Reduction Methods

During the Reporting Period, the Group did not own any vehicles and did not use any machinery that would combust fuels. Air conditioning was managed by management companies of respective office buildings where all its offices were located at. Hence, the Group did not contribute to any direct emission as it did not combust fuel for energy. The Group's greenhouse gas emission (GHG) was therefore mainly contributed by its indirect emission from purchased electricity. Other indirect emissions sources were paper waste disposal and business air travels. The total amount of GHG emission for the Group during the Reporting Period was 1,079 tCO2e, and the intensity was 1.02 tCO2e/employee, and 0.03 tCO2e/m^2. See Table 1 for detailed calculations of the Group's GHG emission.

Scope of GHG emissions	Emission sources	GHG Emission (in tCO2e)	Sub-total (in tCO2e)	Total GHG Emission (in %)
Scope 1 Direct emission [1]	Not applicable	0	0	0
Scope 2 Energy indirect emission [2]	Purchased electricity [3]	1,013.03	1,013.03	93.85
Scope 3 Other indirect emission	Paper waste disposal [2]	31.76	66.40	6.15
	Business air travel [4]	34.64		
Total		1,079.43		100

A. ENVIRONMENTAL (Continued)

A1. Emissions (Continued)

1.2 Greenhouse Gas Emissions and Reduction Methods (Continued)

Note 1: The Group did not involve in scope 1 direct emission since it did not combust any fuel.

Note 2: Emission factors were made reference to Appendix 27 of the Listing Rules and their referred documentation as set out by Hong Kong Exchanges and Clearing Limited.

Note 3: Emission factor was made with reference to the 2017 Emission Factor of Regional Electricity Grid in China, outlined by the Ministry of Ecology and Environment of the PRC in 2017, for operations in China. For operations in Hong Kong and Macau, emission factors referred to HKE, CLP, and CEM's 2019 Sustainability Report with accordance to the offices' location respectively. For operations in Taiwan, emission factor took reference from the Year 108 Electricity Emission Factor, published by the Bureau of Energy, Ministry of Economic Affairs in Taiwan. The emission from purchased electricity would have been 1,121.19 tCO2e in the 2019 report if it used the emission factors of 2020 as its base.

Note 4: CO_2 emissions from the Group's business air travels were reported with accordance to the International Civil Aviation Organization (ICAO) Carbon Emission Calculator.

In order to help reduce emission that might be induced by travelling to work, employees are always encouraged to take public transportation. Having considered this factor, all offices are located in areas with convenient and multiple transportation networks for employees to reduce the use of private vehicles.

During the Reporting Period, the Group began interviewing potential candidates and employees online. This effort is expected to lower the amount of emission derived indirectly by interviewees travelling to the Group's offices for candidate screening.

Please refer to Section A2 for more information on how the Group reduces emission contributed by electricity consumption, where most of its emissions are derived from.

1.3 Hazardous Waste

During the Reporting Period, the Group generated 0.9 tonnes of hazardous waste, with an intensity of 0.86 kg/employee. Such waste mainly consisted of old computers, fluorescent tubes, ink cartridges, used batteries, and other electronic waste. Such waste was separated from general waste and handed over to recognised recyclers or property management for proper handling, treatment and recycling, or disposal.

Although the amount of hazardous waste that the Group produces is limited, it still sees hazardous waste minimisation as an important long-term goal. To lengthen the lifetime and decrease the deterioration rate of its electronic or electric equipment or gadgets, the Group takes a reduction approach. Usage is reduced by making use of alternatives, such as switching off idle equipment, making use of natural lighting as a substitution of fluorescent tubes, and introducing paperless administrative systems to reduce printer and cartridges usage.

1.4 Non-hazardous Waste

During the Reporting Period, the Group generated 27.5 tonnes of non-hazardous waste, with an intensity of 25.99 kg/employee. Non-hazardous waste was composed of daily office waste, such as paper waste, food scraps and containers, and other daily waste. Out of all non-hazardous waste, 2.0 tonnes were recycled, which was around 7% of its waste produced; they were mainly cans and paper. Recyclable waste was collected and recycled by qualified waste treatment companies, while non-recyclable waste was handled by property management or cleaning companies for disposal or landfilling.

A. ENVIRONMENTAL (Continued)

A1. Emissions (Continued)

1.4 Non-hazardous Waste (Continued)

The amount of non-hazardous waste produced was rather insignificant. Yet, the Group still aims to minimise its waste generation and lower waste disposal rate by constant encouragement and education. The Group closely practices the principles of "reduce, reuse, recycle and recover".

Reduce
- Disposable items (by promoting "BYOC" – bring your own cups)
- Paper use (by shifting to electronic administration and defaulting printing to be double-sided)
- Bottled water dispensers (by installing filter at water taps)
- Stationary waste (by sharing among staff)

Reuse
- Paper boxes and other packaging materials
- One-sided paper
- Employee card holders

Recycle
- Paper (by placing recycling bins next to printers)
- Other non-reusable waste, such as cardboard boxes, furniture, cans, plastics (by sorting properly and handing them to qualified collectors)

Recover
- Malfunctioning or broken office equipment and furniture

During the Reporting Period, the Group has adopted the practice of signing employee contracts online. This had reduced the amount of paper usage. Along with its other paper reduction policies, the Group had achieved a reduction of paper consumption by 1% as compared to that of the previous year.

A2. Use of Resources and Efficiency Initiatives

The major kind of resources consumed during the Reporting Period was purchased electricity, followed by water. To ensure that such resources are used to its fullest capacity, the Group has a list of policies outlined with the purpose of maximising the efficiency of such resources.

2.1 Energy Consumption

The only kind of energy consumption was electricity usage for the Group's office operations, totalling 1,389,864 kWh during the Reporting Period. The overall average intensity was 1,315 kWh/employee.

The Group closely monitors its energy usage to control energy consumption. Electronic equipment is automatically turned off at 9 p.m. every day, to save energy in case employees forget to switch off their electronic devices. Additionally, signages such as "Turn off electronic equipment, lights, and air conditioning when you leave the workplace" are posted in various locations of the office. With regards to lighting of the Group's offices, natural lighting is made use of when possible, with the assistance of highly efficient energy-saving and LED bulbs. Air conditioners are also adjusted to operate with the average temperature of 26 degree Celsius.

A. ENVIRONMENTAL (Continued)

A2. Use of Resources and Efficiency Initiatives (Continued)

2.2 Water Consumption

All offices use water supplied by their respective office buildings and water charge is included in the management fee. The Group therefore does not have details of the exact amount used.

Water use in water closets of offices across the Group are all managed by management companies of the office building. Therefore, the Group cannot control what water saving measures are taken. Nevertheless, most buildings where the Group locates its offices have installed flow and velocity controllers in washrooms to reduce water consumption and wastage.

2.3 Packaging Materials

The Group's operation does not involve any packaging materials as it only provides human resources services.

A3. The Environment and Natural Resources

3.1 Significant Impacts of Activities on the Environment

Due to the Group's business nature, no activities contribute to significant impacts on the environment. The only areas that bring about impacts on the environment are the Group's GHG emission and office waste produced from daily operations. As mentioned above, the Group takes responsibility in recycling and reusing items of different varieties and cooperate with reliable recyclers to make sure that waste is well managed and properly handled to minimise impacts on the environment. It also encourages staff to take an active responsibility towards the environment, by adhering to the principals of "reduce", "reuse", "recycle" and "recovery".

B. SOCIAL

As the Group's operations involve a large amount of labour and other businesses, its performance in the social aspect is highly important to its stakeholders. Aside from having to be concerned with its employees' working satisfaction, much confidential information is also handled along with its human resource services. Hence, most social topics have been rated as highly material, and all social topics have been deemed vital according to the ratings from the stakeholder engagement survey. The Group therefore takes extra precaution and is especially careful in complying with laws and outlining relevant policies regarding its social performance. Not only does the Group constantly promote its employees' rights and opportunities and pay close attention to data protection, but it also maintains its quality of human resource services, and puts much effort into giving back to society by assisting the unemployed and doing charitable acts. The Group strives to be a leader in the industry in social performance.

Employment and Labour Practices

As the Group acts as a human resource services solution provider, it has its own employees (hereafter "formal employees"), as well as employees who are outsourced (hereafter "associates"). While formal employees refer to those who work for the Group's operations, including senior management, partners, consultants, employees from the finance and IT departments, etc.; associates are those assigned to work on client premises for flexible staffing purposes, who are typically under client instruction and supervision during the term of deployment.

B. SOCIAL (Continued)

B1. Employment

As the Group provides workforce solutions services, employment policies have been determined to be the second most material topic by stakeholders and the Group. The Group strictly complies with respective employment laws and regulations of the respective region they operate in as shown in the following table.

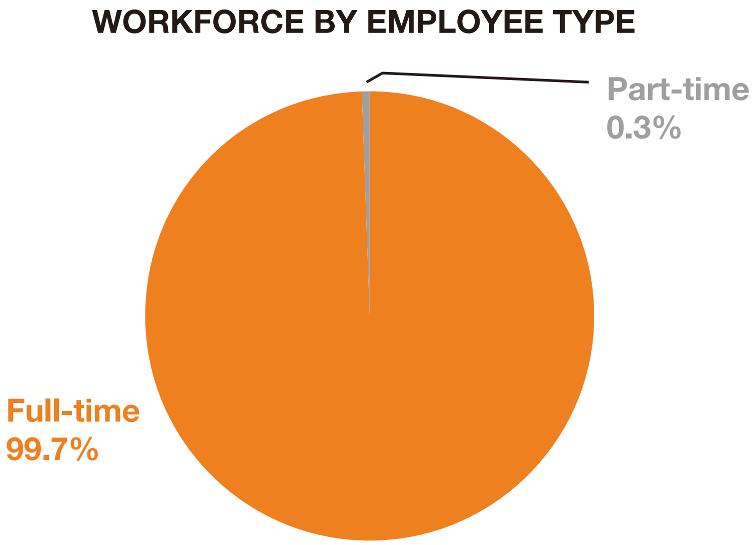
Mainland China	Hong Kong	Taiwan
• Labour Law • Labour Contract Law • Regulations on Paid Annual Leave for Employees • Law on the Protection of Women's Rights and Interests • Special Rules on the Labour Protection of Female Employees	• Employment Ordinance (Cap. 57) • Inland Revenue Ordinance (Cap. 112) • Sex Discrimination Ordinance (Cap. 480) • Mandatory Provident Fund Schemes Ordinance (Cap. 485) • Personal Data (Privacy) Ordinance (Cap. 486) • Disability Discrimination Ordinance (Cap. 487) • Family Status Discrimination Ordinance (Cap. 527) • Race Discrimination Ordinance (Cap. 602) • Minimum Wage Ordinance (Cap. 608)	• Labour Standards Act • Employment Service Act

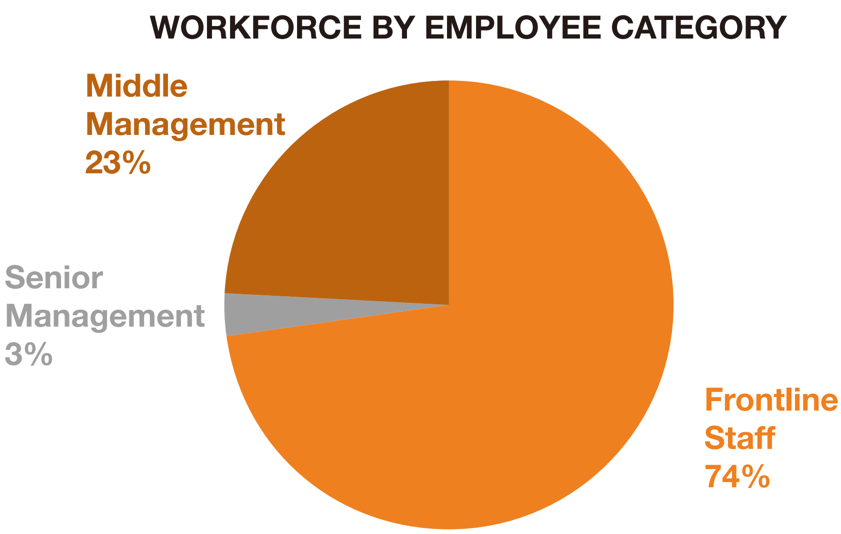
B. SOCIAL (Continued)

B1. Employment (Continued)

1.1 Employment Figures

As of 31 December 2020, the Group had a total of 1,057 formal employees (exclusive of associates).

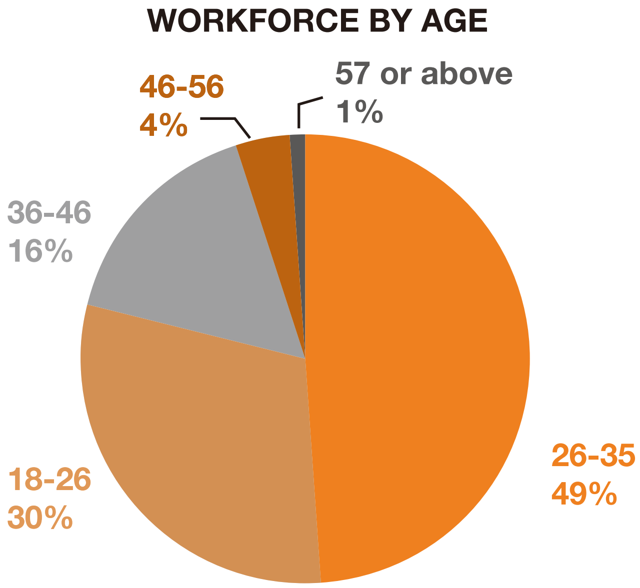


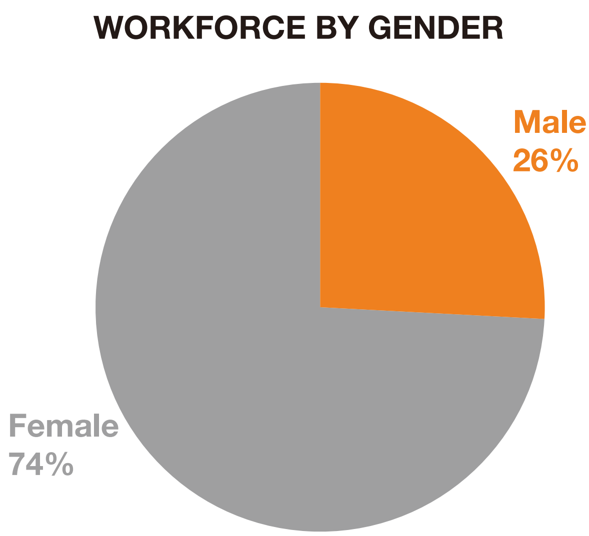


B. SOCIAL (Continued)

B1. Employment (Continued)

1.1 Employment Figures (Continued)



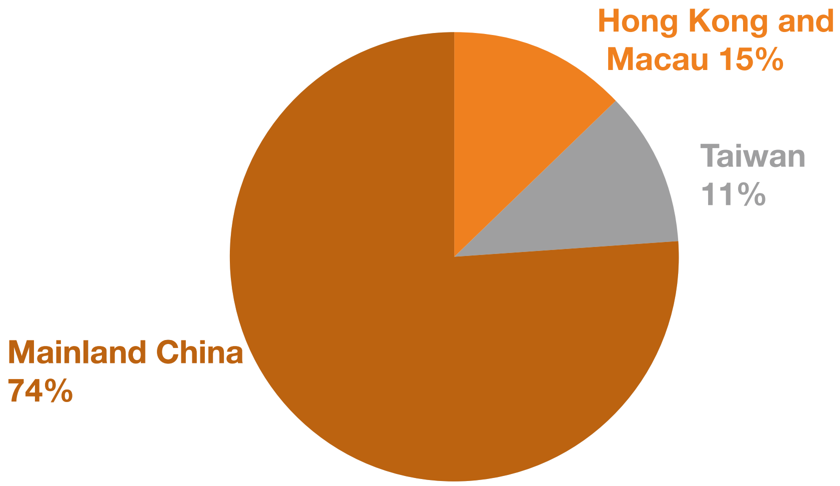


B. SOCIAL (Continued)

B1. Employment (Continued)

1.1 Employment Figures (Continued)

WORKFORCE BY GEOGRAPHIC LOCATION



1.2 Employee Compensation and Benefits

The Group regards compensation and benefits packages as an important element. Not only does it attract and retain talents, but it also incentivises employees to unleash their full potential. As the Group runs a partnership scheme, in which partners each has his/her own team of consultants, each partner is responsible for its annual performance and achieving the targets set. When employees are motivated to do better where their hard work and effort are acknowledged, the Group can see both sustainable business growth and content employees. Hence, employees' remuneration is set with reference to the market trend. All staff enjoy basic rights and benefits, and terms are clearly stated in their contracts and employee handbook.

For the Group's formal staff, remuneration packages, which include salary and bonuses, are offered. They also receive various welfare and benefits, such as medical care, retirement benefits, occupational injury insurance, and other miscellaneous items. Public holidays, marital leaves, maternity leaves, compassionate leaves, and annual leaves are also granted by the Group according to applicable labour laws and regulations. Seasonal appraisals take place such that their work performances are constantly reviewed. Employees who meet certain criteria will have their salary raised. Small gifts are given out around the year end and before Chinese New Year to express gratitude to employees for their hard work and increase their sense of belonging. In addition, the Group has a diversity of reward programmes offered to its employees or teams with excellent performance. The form of reward provided is usually on a case-by – case basis, in which it could be monetary rewards programmes to increase their competitiveness or motivation. The Million Club, for example, is set up for individuals or teams who reach sales targets of RMB1 million within a year. During the COVID-19 pandemic, the Group continues to inspire and engage employees with diversified incentives and rewarding schemes. There was no wage deduction nor dismissal of employees due to the pandemic.

As for associates, who are employed on a contractual basis, their compensation and benefits are usually decided together by the Group and clients of the Group according to the work requirement and nature of the projects.

B. SOCIAL (Continued)

B1. Employment (Continued)

1.3 Employee Communication

The Group values feedback and opinions of its staff, especially from formal employees. Therefore, a number of approaches are in place to ensure employees' comments can be reflected to management levels. For example, the Group has a labour union that acts as a bridge for communications between the Group and its employees. It aims to protect employees' rights, help the Group achieve its business and financial targets, and encourage employees to participate in management decisions. Complaints on unfair treatment or penalties can be handled through the human resources manager for appeal. The Group also conducts surveys on employees' satisfaction towards their own departments, supportive departments, as well as the whole Group.

As the Group believes that communication between employees is key to improving work performance and efficiency, the Group has a variety of "Power Clubs", which are different sports, talents and interest clubs that employees can join. Some of the Power Clubs include, Badminton Club, Vocal Music Club, Cantonese Club, etc. This allows employees to establish bonds and build networks outside the workplace. Additionally, the Group regularly holds events and competitions for these clubs for better employee engagement. Notices on activities or competitions held by external organising parties opened to the public are also put up for employees' reference. During the Reporting Period, the Group had held events such as the Manpower Summer Sports Challenge, Family Day, Christmas parties, and Manpower Anniversary Party.

1.4 Equal Opportunity and Anti-Discrimination

The Group takes a strong stance on providing equal opportunities throughout recruitment and employment, where candidates are considered in terms of their qualification, experience, and ability irrespective of their gender, age, ethnicity, religion, sexual orientation, marital status, etc. All employees are recruited based on a merit basis. No discrimination in recruitment and remuneration is involved. In fact, the Group has been working on increasing the ratio of male employees within a female-dominated industry. As indicated above, the number of females outweigh that of males in the Group. This situation is a result of personal inclination and disinclination caused by gender. The Group strives to recruit more males to contribute to deconstructing gender norms, stereotypes, and expectation. The Group is also opposed to nepotism by avoiding the recruitment of direct relatives of existing employees.

1.5 Attracting Talents

Employees are an integral part of ManpowerGroup. On top of the abovementioned internal benefits and welfare, the Group also works to establish excellent communication channels externally and build a positive brand image to attract talents who can add value for the Group. By utilising the Company's website, social media, and inquiry hotline, it hopes to give a good impression, and provide potential candidates a window for understanding how work is like in the Group. The Group also actively participates in industry events and conferences to achieve a broader reach and demonstrate its influence. Together with the cooperation with cross-sector institutes and organisations, the Group is confident that it will appeal to talents in the labour market who feel a strong tendency to work in a well-reputed and well-recognised firm.

1.6 Creating Opportunities

The Group believes that everyone has a place in society and works to provide opportunities for these people to play their role. It also views this as an obligation of demonstrating social responsibility. Currently, there are 17 disabled persons, such as those who are partially sighted, or hearing impaired, employed by the Group.

B. SOCIAL (Continued)

B2. Employee Health and Safety

Ranked as the fifth most material topic, improving the occupational health and safety of employees is a key focus for the Group. The Group complies with occupational health related laws and regulations to avoid any health risks from being imposed onto its employees. These laws are listed in the following table.

Mainland China	Hong Kong	Taiwan
• Labour Law • PRC Law on The Prevention and Control of Occupational Diseases	• Employees' Compensation Ordinance (Cap. 282) • Occupational Safety and Health Ordinance (Cap. 509)	• Occupational Safety and Health Act • Labour Safety Protection Act

2.1 Employees' Personal Health [1]

Although the industry that the Group belongs to is rather low risk in terms of potential health threats and danger, the Group still regards the protection of employees' personal health as a top priority.

The Group has taken the following steps to better protect health interests of its formal employees:

- Health checks are arranged for all new staff;
- Annual health checks are granted for certain qualified employees;
- 12 days of paid sick leaves are granted to employees each year; and
- Business insurance plans with a broad coverage, including, outpatient services, hospital overnight stays, accidents, critical illnesses, are offered.

During the Reporting Period, no formal employees suffered from work-related injuries or fatalities. Hence, there was no lost day due to work injury.

2.2 Working Environment Safety

To make offices a comfortable place to work in, ventilation systems and air purifiers are installed to maintain offices' air quality, plants are placed along aisles and at corners, indoor temperature and humidity is adjusted regularly.

In precaution of any fire hazards, offices of the Group place a 4kg dry chemical fire extinguisher every 25 meters apart; server rooms are installed with FM200 firefighting system; escape routes are equipped with control systems to cut the power of unnecessary office equipment off for firefighting equipment when necessary. Fire equipment is regularly inspected to ensure they can function properly and are secured in place. Fire drills and fire prevention trainings are carried out periodically to familiarise employees with the right procedures, tools to use, and locate escape routes in case of a fire.

[1] Policies outlined in the section is only applicable for the Mainland China region; Hong Kong and Taiwan both have their policies and are slightly different.

B. SOCIAL (Continued)

B2. Employee Health and Safety (Continued)

2.3 COVID-19 Arrangement

Ever since the outbreak of the coronavirus disease, the Group had been highly cautious and closely following governmental guidelines. To monitor the most up-to-date situations of infection cases and release important information and guidelines to its employees, the Group had established a task force that consisted of core members and senior management of ManpowerGroup, whose priority was to identify and avoid any risks that would threaten the health of employees. Arrangements that the taskforce had made include,

- Work suspension
- Regular disinfection in offices
- Requested for potential virus-exposure information from employees
- Strengthened health surveillance measures, such as, measuring body temperatures
- Sourced and provided anti-virus supplies, such as surgical masks, sanitisers
- Encouraged online communication to reduce travelling and taking business trips
- Monitored infection information in surrounding communities
- Communicated closely with authorities to obtain up to date information

The Group remained on high alert and released information promptly whenever any cases worthy of concern was identified. Such efforts have enabled the Group to achieve a zero-infection record within the Reporting Period.

B3. Development and Training

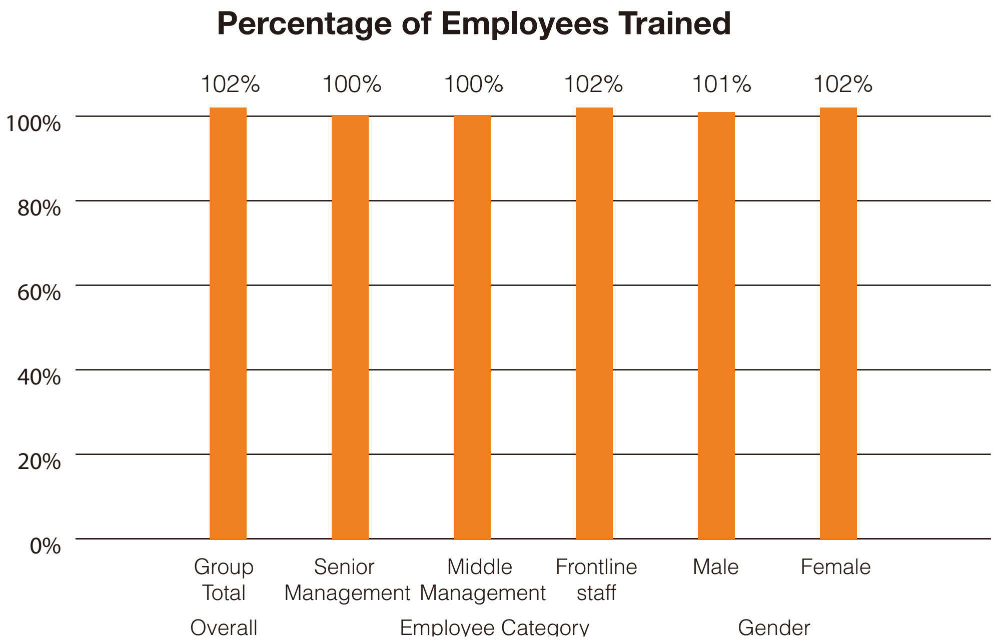
Development and training for employees is material for the Groups' stakeholders, especially to the business because of the Group's nature as a human resource company. By providing various development and training opportunities and team building activities to employees, the Group hopes to improve competence of the workforce, promote cohesion, and attract talents to join the workforce. The Group adheres to its corporate mission of unleashing the power of the human potential for progress. The Group actively encourages employees to improve their skills and knowledge by joining training and taking industry-related classes.

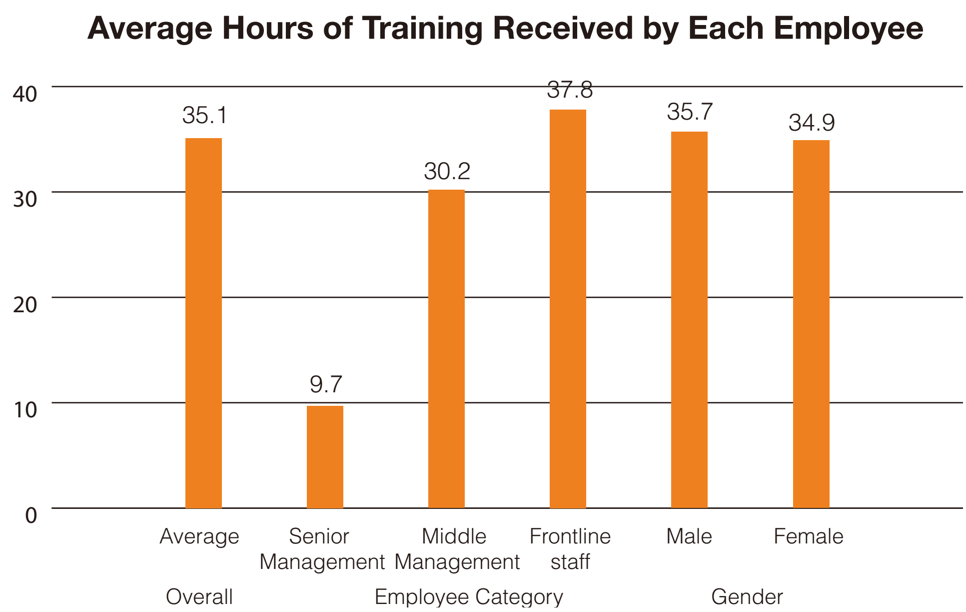
B. SOCIAL (Continued)

B3. Development and Training (Continued)

3.1 Employees Training

During the Reporting Period, the Group provided training to 102%[2] of its employees, and each received an average of 35.1 hours of training[3].





2 Percentage of employees who received training = Total number of employees who received training/Total number of employees as of 31 December 2020.

3 Average training hours per employee = Total number of training hours provided to employees/Total number of employees as of 31 December 2020.

B. SOCIAL (Continued)

B3. Development and Training (Continued)

3.2 Training for Formal Employees

In general, all new employees are trained by their supervisors and the Group when they join the Group. Their supervisors continuously observe their performance and track their progress to decide whether additional training is required. As their experience accumulate, other regular training is arranged as well. The Group delivers internal training focused on enhancing employees' professionalism, knowledge, and skills. Training on laws and regulations, such as anti-corruption, data protection, would also be held periodically to refresh employees' knowledge on the latest changes in policies and important regulations. Training topics offered are based on regular internal appraisals and review of individual and departmental performances. The following table shows a more detailed description of different training that were arranged during the Reporting Period.

Training Offered	Topic	Description	Target Group
New Staff Training	Orientation	Help new employees understand the Group's culture and products	New employee
	Career Path Training	Help employees understand their roles and responsibilities of their job positions	New/interested employee
	Bonding Camp	Help the batch of 2020 hires blend into their respective teams as soon as possible and improve their skills	Employee recruited in 2020
	Legal Compliance	Explain the terms of labour and business contracts in detail, point out important reminders, and usual procedure regarding legal compliance	New employee
	IT Systems	Familiarise employees with the office and business systems, and training platforms	New employee
Business Skills Training	Industry Know-how	Improve employees' competence and skill sets, and speed up integration into their corresponding teams	New staff in Flexible Staffing Department
	Advanced Business Skill	Further enhance employees' ability and capacity by delivering product training, analysing standard operation procedures, and scenarios sharing	Hiring, Customer Service, and Sales Roles
Generic Skills Enhancement Training	Studying and Applying knowledge	Improve employees' industry knowledge and cultural exchange	All employees
	Mind-mapping	Advice on ways to organise thoughts and improve thinking efficiency	All employees
	Public Speaking	Improve public speaking skills and fine tune delivery	Potential talents of each team
Development Training	Team Building	Improve bonds within and between departments, and boost cohesion	All employees
Leadership Training	Management Leadership Skills	Improve management communication and integrated leadership skills	Management

B. SOCIAL (Continued)

B3. Development and Training (Continued)

3.2 Training for Formal Employees (Continued)

To familiarise employees with the industry and market trends, the Group encourages all employees to attend external classes and conferences, and take examinations on human resourcing. These classes include human resources intermediary, labour-dispatching, and qualifications and licenses relating to these topics. Tuition and examination fee for these classes are reimbursed upon the completion of the classes and passing the exams. When employees have successfully attained relevant qualifications, they also receive some reward from the Group.

During the Reporting Period, All-*in-One Workforce Technology Platform* (職場⁺) had gone into full use. Its "WoSkill" and "Right GRC" platforms had provided additional resources for employees and management to improve their professional knowledge and leadership skills. The fragmented learning nature of the platforms enabled employees to acquire knowledge at their own pace and time, achieving efficiency.

3.3 Training for Associates

As for associates, all new employees are provided with pre-entry and pre-duty training. When associates are allocated on different projects, position responsibility and clients' expectation and requirements are communicated. When clients' needs are recognised, trainings are designed for respective employees. During the contract of the associates, the Group also frequently contacts the clients to ensure that the qualities of associates meet their expectations. Associates' performance is regularly reviewed through communications with clients in case further training is required. Trainings for basic skills and etiquettes are conducted by the Group according to clients' preference; while those that involve more professional guidance and industry-related knowledge are conducted by clients.

During the Reporting Period, the Group was able to utilise the multiple platforms in place to deliver flexible online training sessions, such that associates were provided opportunities to keep on learning even when the pandemic swept.

B4. Labour Standards

Labour standards is an important aspect for the Group given its business nature. The Group strictly abides by all labour standard laws and regulations to protect children and prevent child labouring. Laws of each region are listed as follows.

Mainland China	Hong Kong	Taiwan
• PRC Law on Protection of Minors	• The Employment of Children Regulations under the Employment Ordinance (Cap. 57)	• Labour Standards Act

The Group always asks for the identification documents to verify candidates' age when they apply for the Group's positions. Child labour or forced labour are never recruited and all employees are recruited through legal channels and are legitimate for work. There was no non-compliance during the Reporting Period.

B. SOCIAL (Continued)

Operating Practices

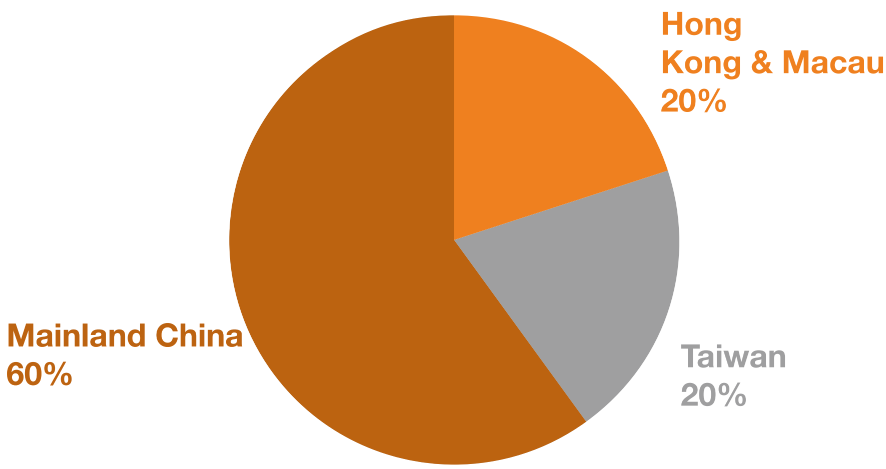
B5. Supply Chain Management

Aside from putting a heavy focus on its own ESG performance, the Group is also attentive to and stresses on the ESG performance of its suppliers and business partners. By doing this, the Group hopes to spread its influence and raise awareness among its suppliers and partners in other industries, and to remain as a leader and role model in the industry for promotion of corporate responsibility.

5.1 Number and Types of Suppliers

The Group engaged 1,407 suppliers during the Reporting Period. The Group usually partners with those that are near the Group's operations such that air emissions can be minimised if transport of supplies or services are necessary.

Suppliers by Geographic Location



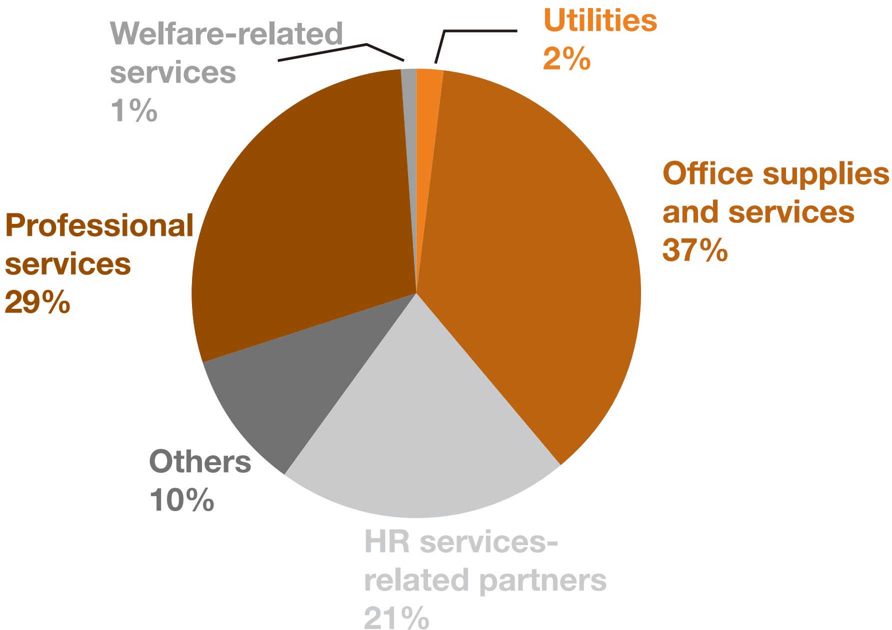
B. SOCIAL (Continued)

Operating Practices (Continued)

B5. Supply Chain Management (Continued)

5.1 Number and Types of Suppliers (Continued)

Types of Suppliers



Note: "Others" include suppliers that provide carrier services, booking services, administrative affairs services, etc.

To assess and effectively manage the ESG commitments of its suppliers, the Group conducts different practices in procurement. When a new supplier is selected, its license, performance capacity, and compliance capacity are assessed and evaluated. For example, the Group might ask for a service license from Staffing Dispatching Agents, or search on a supplier's website and the National Enterprise Credit Information Publicity System to check if it has violated any laws, been penalised, or been involved in any lawsuit, etc.

Once a potential supplier passes through the initial assessment, it must make ESG commitments based on the terms outlined by the Group in the supplier contract. The terms include, Business Conducts and Moral Standards of ManpowerGroup's Business Partner, and ManpowerGroup's Requirement on Business Partners' Enterprise Social Responsibility. Together, they involve terms regarding business integrity, and requirements asking for the fair treatment of employees, customers, clients, and the environment.

The Group reviews its suppliers once a year. Suppliers which have failed their performance and compliance capacity or have not operated in accordance with the agreements made will be delisted.

B. SOCIAL (Continued)

B6. Product Responsibility

The product of the Group is integrated human resourcing (HR) services, including flexible staffing, headhunting, recruitment process outsourcing, and other HR services. The Group understands that it holds great responsibility for the performance and quality of its talents headhunted or associates outsourced, the follow-up of its services, the handling method of private data of clients and talents, and the treatment of patented or copyrighted items. The following laws and guidelines are therefore strictly followed by the Group.

Mainland China	Hong Kong	Taiwan
• Criminal Law • Advertising Law • Cyber Security Law • Provisions on Protecting the Personal Information of Telecommunications and Internet Users	• Personal Data (Privacy) Ordinance (Cap. 486) • Office of the Privacy Commission for Personal Data, Hong Kong	• Trade Secret Law • Trademark Law • Patent Law • Copyright Law • Personal Data Protection Act

6.1 Quality Assurance

The Group emphasises on service quality and is devoted to providing high quality workforce solutions to its clients. Its efforts in providing quality services had earned the Group multiple awards during the Reporting Period. The Group is committed to helping its clients find the right people for their workforce. It has the following procedures to assure the quality of services.

To make sure that projects run smoothly, one-to-one service is provided to the Group's customers throughout each service period. When the Group gets requests from clients for outsourced staff or talents for permanent positions, the Group first makes clear of their requirement, nature and responsibility of the position, and other details of the job to better understand clients' expectation. Then, the Group selects, screens, and recruits talents from its database according to clients' requirements. Shortlisted candidates are then notified and interviewed, and those who fulfil the clients' expectations best will be referred to the clients, who may conduct more rounds of interviews to ensure the candidates' competency. When clients have indicated their preferences, the Group conducts background checks on the candidates before they are formally recruited. The Group also follows up on associates' or talents' performance during their contracts to check if they have been performing up to standard. If not, training might be arranged for associates to make sure they are able to fulfil their roles; as for talents recruited for permanent positions, candidates failing to meet expectations will be replaced by alternative candidates until clients are satisfied. All these help ensure that outsourced staff is as top-quality as possible.

B. SOCIAL (Continued)

B6. Product Responsibility (Continued)

6.2 Communication and Customer Service

During the contract period of outsourced employees, the Group continues to communicate with the client to collect feedback and ensure service satisfaction.

The Group does the following steps to understand how clients and customers perceive its services. As mentioned, when suitable candidates have been recruited for clients, the Group takes steps to conduct background checks on these candidates before they are formally recruited for quality assurance. During the employment, the Group also conducts periodic client surveys for their feedback to better understand the gaps that the Group need to address and improve. Associates' service quality is checked regularly to make sure their performances are up to standard and their work is as described on the contract. If not performing up to standard, training will be arranged to make up for the gap. As for headhunting services, there is a "warranty period" scheme, during which the Group will replace suitable potential candidates for the position in cases when clients are dissatisfied with the candidates. Candidates who are returned by clients are to be deleted from the Group's talent database in order to keep the database's quality high.

The Group also has 400 hotlines and a Quality Assurance (QA) Mailbox for receiving comments, compliments, or complaints. If complaints are received, they are reviewed by the QA department and will be followed up. During the Reporting Period, the Group did not receive any serious complaints from its clients.

6.3 Information Security Management

The Group regards the protection of customer data as the most important aspect of the business as the Group deals with a significant amount of personal data and other confidential information in the ordinary course of its business. Hence it had been regarded as the most material topic for the Group. If such sensitive information is hacked or leaked, the impact on clients and candidates is unpredictable. The Group therefore strictly follows laws and regulations and has well-established practices of treating sensitive information in all branches.

All storage of information, including those of clients, potential talents, employees, follows the regulated rules as listed in different regions. In Hong Kong, personal information must be kept for 2 years, after which shall be destroyed unconditionally, and the candidates shall not be contacted again, unless they initiate communication. Accounting data shall be kept for at least 7 years. In Taiwan, personal data of potential candidates are kept for 5 years, after which shall be destroyed unconditionally. In China, the Group collects, stores, uses, and discloses personal data closely in accordance with PRC personal data protection laws as well. Such procedures never happen without the consent of relevant individuals. As the Group stores a huge amount of sensitive data, it puts great effort into data protection and has the following policies to deal with potential loss or leak of information in different situations.

B. SOCIAL (Continued)

B6. Product Responsibility (Continued)

6.3 Information Security Management (Continued)

To prevent the leakage or theft of information or virus attacks from external parties, much effort is put into protecting sensitive information. For example, access of data of customers, job seekers, or other users, is limited only to permitted internal employees. For extra security, offices and work areas can only be entered with an employee badge and all visitors have to register at the reception; CCTVs are installed at different parts of the office; software such as, demilitarised zones, firewalls, and Internet Behaviour Management systems are set up to prevent external users from visiting the internal server, prevent external attacks, and control visitors' internet speed; jump-servers are installed to monitor visitors who are using VPN; the size of attachment allowed in an email from an external sender is restricted; two-factor authentication is required to sign in to mailboxes; complex passwords are set up for all servers; installation of unauthorised software or applications onto computers are prohibited; antivirus software are installed and potential loopholes are regularly checked and addressed; data stored on external hard drives that are no longer needed are erased and computers that cannot be used anymore are destroyed, etc.

To prevent the loss of important information due to vandalism, natural disasters, or accidental damage, the Group also has policies of securing data and recognising damaged data. For example, off–site facilities are set up to maintain backup files in the event of a disaster; off-line media shall be secured by specific procedures and processes; backup tapes and removable disks containing such information must be identified, labelled, and protected. All these measures can help protect security of data or identify and understand the range of data loss if unavoidable.

To prevent the breach of sensitive data or trade sensitive information by the Group's own employees, by mistake or by intention, the Group has established several policies and terms in the employees' handbooks and the employee contracts. They include the Group Employee Use of Computing Resources, Principle of Data Privacy and Policy Guidance, Non-Disclosure Agreement, etc. which employees must follow strictly. For example, employees shall use only computers and networks providers as appointed by the Group; computers' USB ports shall be enclosed; computer passcodes shall be changed every 90 days; suspicious incidents regarding information system security shall be reported immediately when recognised, etc. Any personnel who violate the policies may risk the termination of the employment.

In cases when abnormal activities, such as visits from unusual addresses, drastic increase in access demand, network interruption, are detected, the system sends out alerts. If information had been leaked, the source of leakage would be cut off at once. Evidence would be kept, and the case would be reported and followed up by an investigation for the cause of the event and the loophole would be fixed. The Group must also notify its Legal Counsel, who will assist in determining if the issue is material, the correction action steps to take, and how the breach should be communicated to the client or relevant parties.

The Group has not experienced any leakage of information so far. During the Reporting Period, the Group had held online training on information system security twice to strengthen its employees' understanding on relevant issues.

B. SOCIAL (Continued)

B6. Product Responsibility (Continued)

6.4 Advertisement

The Group firmly follows the requirement as stated in the Provisions on Talent Market Administration and the Interim Regulations on Human Resources Market for HR services agency. According to the regulations, basic information and recruitment information (such as number of employees, recruitment conditions, work responsibilities, workplace, and basic labour remuneration) released to the public or provided to the HR service institution by the employer shall be authentic and lawful. No discriminatory information in aspects such as nationality, race, gender, or religious belief shall be contained. The Group never provides false information, makes false promises, or publishes false recruitment advertisement.

To enable all employees in the Group to work according to the law and regulation, all relevant requirement of law and regulation regarding the advertisement has been included in the Employee Handbook.

6.5 Intellectual Property Rights

The Group also views intellectual property (IP) rights as an important aspect of the business. In order to protect the Group's IP, safeguard the Group's legitimate interests, and give full play to the benefits of IP assets, the Group has several IP rights related policies. For key business trademarks and licenses such as "Manpower" created by the Group, they have been registered and used in Greater China by Manpower Inc. The legal department is responsible for constantly renewing, improving, and monitoring its IP rights-related policies and regulations, as well as registering, renewing, and transferring its IP licenses or status. Employees are also expected to participate in the protection of the Group's IP, as well as comply with all agreements regarding IP of its suppliers. Once any suspicion of IP infringement is identified, it should be reported to the legal department. The legal department shall then investigate the reported cases in a due manner and proceed with legal actions in accordance with the seriousness of the cases. Relevant terms and conditions are written on the Employee's Handbook and on the Group's intranet for employees' reference for their daily work.

The Group has not been involved in any disputes or lawsuits regarding intellectual property rights so far.

6.6 Operating During COVID-19

Despite being a difficult time for the Group, public health was the most concerned aspect when the pandemic took place. The last thing the Group wished to contribute to any minimisation of any spread of the disease. Thus, the Group actively communicated with its clients and contingent workers to work out the best solutions in different opportunities and explore how they could minimise harm best.

The Group lined up with its clients, suppliers, associates, and employees, to source and share anti – virus suppliers with those who were not able to stock any of such materials. It also bought medical insurance specially designed for the coronavirus for its contingent workers, such that their health would be protected in case if they caught the virus at work. When situations permitted, the Group sought to secure jobs to ensure stable income for contingent workers, by offering to match them with positions that they were not familiar with, and provided assistance and guidance for the workers such that they could still manage to cope with tasks delegated to them.

B. SOCIAL (Continued)

B7. Anti-corruption

The Group firmly prohibits bribery and corruption of any kind in connection with the Company's business. The Group holds a strong stance against the acceptance of any materials in return for a favour or unfair competition, and the use of deception for personal advantage. For the above reasons, the Group strictly follows laws and regulations such as the Anti-Monopoly Law and Notice on Giving Full Play to Trial Functions and Combating Commercial Briberies. Internal policies have also been established to effectively minimise the chances of misconduct. During the Reporting Period, there was no concluded legal case regarding corrupt practices brought against the Group or its employees during the Reporting Period.

7.1 Prevention of Corruption

To enable all entities to conduct its business in an ethical manner, the Group has adopted an Anti–Corruption Policy and Policy on Gifts, Entertainment and Sponsorships. This policy strictly bans any party of the Group to offer, promise, approve, engage, authorise, or transfer any forms of unethical incentives or payments with the purpose of influencing a decision or obtaining commercial advantage. The involvement in any role of a bribery is strictly forbidden. Approval requests for gift expenditures over the limit of RMB1,000, or meal expenditures over the limit of RMB1,500 can be made to the Compliance Officer when necessary.

The Antitrust and Fair Competition Policy has also been introduced to ensure that the Group does not receive criminal or civil penalties, business disruptions, or harm in reputation. In general, the Group prohibits anyone from, (i) reaching an agreement with a competitor to restrain trade by fixing prices, allocating clients, or coordinating bidding activities, (ii) reaching an agreement with other companies not to do business with another company, and (iii) abusing a large market-share position by engaging in below-cost pricing in order to harm competitors. Exclusive sale arrangements, selective discounting, are also activities to be restricted under the policy. As these restrictions are often complex, any unclear decisions shall be informed to, discussed with, reviewed and approved by the general manager, who shall also have appointed an individual within the entity to be its compliance officer assisting it in understanding and following such laws.

7.2 Whistle-blowing Policies

The Fraud Reporting Policy allows staff to report suspicious cases of behaviours acting against the principles of honesty and integrity. All employees, officers, members of the Board, and others who act on behalf of the company are to follow the above rules and report any suspected violations to the compliance officer directly in due course. These cases can be grouped into the broad categories of fraudulent financial statements, asset misappropriation, and bribery and corruption, which include the behaviours as described above. To ensure the effective implementation of the policy, scenarios that are regarded as frauds, and solutions to such circumstances have been identified and discussed by management and the financial controller according to applicable local laws and regulations. Reports are to be made to the compliance officer or the general manager of the respective entity of the person involved. If the general manager is suspected, the reports should be made directly to the chief financial officer of the headquarters. To avoid any unclarity and blurred lines, guidance on cases considered as fraud, and reporting methods of identified or suspect frauds are available on the online reporting system of the Company's website. Annual training on the topic of corruption is also arranged for employees. Once reports are made, the general manager is responsible for facilitating communications and updates, organising investigations, and providing solutions to the reported cases.

B. SOCIAL (Continued)

B7. Anti-corruption (Continued)

7.2 Whistle-blowing Policies (Continued)

Appropriate actions will be taken against the party involved in a fraud after consulting with legal and compliance, human resource, and risk management departments. Prosecution, termination and restitution in cases will be supported by the Group if enough evidence is available. It is also the practice of the Group that the identity of any person making a report will remain confidential, except to the extent necessary for the protection of the Group's interests or required by laws, to let employees know that it is always safe to report suspicious cases.

7.3 Anti-corruption Training

During the Reporting Period, anti-corruption training was delivered to all employees. The relevant laws and regulations, company policies, and notable past cases were explained and discussed. To ensure that the topics were well-understood and revised by every employee, an examination was arranged for the topic.

B8. Community Investment

The Group regards community investment as its duty as a responsible corporate citizen. The Group has a long history of putting great effort into two major areas of contribution: promotion in local employment, and assistance in the recovery of communities affected by the 2008 Sichuan earthquake. During the Reporting Period, the Group provided support to people whose livelihoods were hugely affected by the pandemic.

8.1 Local Employment Promotion

As a human resourcing company, the Group has always paid close attention to issues related to employment as it is committed to unleashing the power of human potential for progress. Since the Group's business involves different occupations and applicants, the Group has industry insights of job vacancies, employers' expectations on applicants, difficulty in switching occupations, etc. The Group hopes to make use of its expertise and contribute to a higher employment rate by cooperating with different levels of governmental bodies, committee of the Communist Party of China (CPC), and human resources and social security departments. Services that the Group have provided for these parties include, talent strategy consultation, talent assessment, recruitment of global experts, research and consultation on the lack of talents, research on the current human resources market trend, etc. The major target of these services is to promote the formulation of policies that can help job seekers find a job.

In addition, the Group also works with Employment Promotion Centres to conduct investigations on employment statuses and entrepreneurships, organise assessments on capability and hold classes of starting a business, hold recruitment events, provide counselling services and vocational trainings, and recommend jobs different variety for the public. As for the Group's business partners or other international organisations, forums and symposiums are held on a regular basis so that ties can be established, and communications platforms can be built for long term interests. Other professional associations in the industry, e.g., Association of Chartered Certified Accountants (ACCA), Junior Achievement, are also partnered with for similar purposes.

B. SOCIAL (Continued)

B8. Community Investment (Continued)

8.2 Sichuan Earthquake Recovery

The Group has also been giving great care to children and communities affected by the 2008 Sichuan Earthquake ever since the incident. As the Group regards mental health as a great asset to society and community recovery, it has been attending to young people's skills development, looking after children with autism, assisting with the rebuild of infrastructures, and promoting environmental protection.

For the past 12 years, the Group has been donating money and supplies to a primary school in Ningqiang County in Shaanxi Province, neighbouring to Sichuan, which was turned from a three-storey building to debris due to the earthquake. The Group's generous donations had allowed the school to obtain equipment for children to do sports, play puzzle games such as chess, go on the internet, and get the necessities for schooling, i.e., desks, computers, books, and a library. Each year, over 10 employees of the Group devote more than 16 hours doing volunteer works for the affected communities. In the past, the Group had also sponsored children to visit the World Expo, their parents who work near Shanghai, and world-renowned universities and architectures in Shanghai.

Although 2020 was struck unprecedently by COVID-19, the kind acts were not restricted. On 1 June 2020, the International Children's Day, the Group donated RMB100,000 to the primary school, and sent 150 special gifts to the school's children to help realise their dreams virtually.

8.3 Contributions During COVID-19

Soon after the outbreak of the pandemic, ManpowerGroup was determined to help get people's lives back on track. The Group established a fund dedicated to raising money to provide humanitarian aid for people who were affected by the virus. In February 2020, the Group donated RMB1 million to hospitals that were hit hard by COVID-19 through cooperation with the Red Cross; in May 2020, another RMB380,000, contributed by other business partners of the Group to the fund, were donated to frontline health workers, their children, and those youths whose livelihoods were deeply stranded, in cooperation with the Hubei Youth Development Foundation.

On top of monetary form of donation, the Group also offered other companies a 3-month free access to its HR SaaS (Software as a Services) platform, which enabled companies to remotely handle HR and administrative processes effortlessly. This eased companies' burden borne by the switch to home office greatly and helped make normal daily operational procedures possible under the challenging time.

To contribute to post-coronavirus economic recovery and boost employment, the Group had given various forms of support across the country, and in Wuhan especially, as soon as the lockdown ended. The Group had set up an office at the hub of China and started operating there to provide work opportunities for talents; counselling and support services were provided to employees' such that their well-being taken care of; and training and sharing sessions were also arranged to give advice on how the changes brought about by coronavirus to the business environment and their effects on career development can be dealt with. The 2020 Jianghan International Summit, held by the Wuhan Municipal Human Resources and Social Security Bureau and the Jianghan District People's Government in September, was one of the events the Group co-organised, where local and international professionals shared insights to over 60,000 people regarding industry convergence and talents development. All these efforts of enhancing the competitiveness of the local labour force market are expected to facilitate and strengthen both city-industry integration and country-wide cooperation, which will in turn revive post-COVID Wuhan, and develop it as a new first-tier city.

Independent Auditor's Report

Deloitte. 德勤

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

OPINION

We have audited the consolidated financial statements of ManpowerGroup Greater China Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 93 to 180, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill and trademarks with indefinite useful lives related to Event Elite Production and Promotion Limited	
We identified the impairment assessment of goodwill and trademarks with indefinite useful lives related to Event Elite Production and Promotion Limited ("Event Elite") as a key audit matter due to the significant degree of judgment by management of the Group associated with the underlying assumptions in the determination of the recoverable amounts. As disclosed in notes 4 and 17 to the consolidated financial statements, significant judgments were exercised by the management in determining assumptions and estimates involved in the forecasting of future cash flows, which form the basis of the impairment assessment of the goodwill and trademarks with indefinite useful lives of Event Elite. The key assumptions and estimation included discount rate and revenue growth rates which are dependent on macro and micro-economic factors and accordingly, the calculation of the value in use of the goodwill and trademarks with indefinite useful lives of Event Elite has a high degree of estimation uncertainty. Management performed an impairment assessment of the carrying amounts of these assets of Event Elite in accordance with the requirements of International Accounting Standard 36 *Impairment of Assets* and as disclosed in note 17 to the consolidated financial statements. Due to the continuing unfavourable market conditions arising from the COVID-19 pandemic, the management of the Group recognised impairment loss of goodwill directly related to Event Elite amounting to approximately RMB7,726,000 for the year ended 31 December 2020 and concluded there is no impairment on the trademarks with indefinite useful lives related to Event Elite for the year ended 31 December 2020. As a result, the carrying amount (net of accumulated impairment losses, if any) of the goodwill and trademarks with indefinite useful lives of Event Elite were approximately RMB21,750,000 and RMB30,452,000, respectively, as at 31 December 2020.	Our procedures in relation to the impairment assessment of goodwill and trademarks with indefinite useful lives of Event Elite included: • Obtaining an understanding of management's process of impairment assessment and the methodology applied by management in performing its impairment test for goodwill and trademarks with indefinite useful lives related to Event Elite; • Involving our valuation experts to evaluate the valuation methodology and assess the reasonableness of the discount rates in the impairment assessment applied by management and benchmarked the discount rates applied to other comparable companies in the same industry; • Assessing the reasonableness of the assumed revenue growth rates applied in the cash flow projections approved by the management by comparing them with historical trends, expected development of COVID-19 pandemic, economic and industry forecasts; and • Analysing the historical accuracy of the cash flow projections, on a sample basis, by comparing them to the actual results in the current year and understanding the causes of any significant variances.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Chan Ka Sing.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 March 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
Revenue	5	**3,222,631**	3,041,513
Cost of services		**(2,687,130)**	(2,454,916)
Gross profit		**535,501**	586,597
Selling expenses		**(302,348)**	(345,354)
Administrative expenses		**(70,874)**	(75,225)
Other income	6	**14,269**	10,938
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	32b	**(612)**	1,410
Other gains and losses	7	**(4,867)**	(1,687)
Finance costs	8	**(3,975)**	(2,480)
Share of profit (loss) of associates		**1,784**	(1,926)
Listing expenses		**–**	(18,242)
Profit before tax		**168,878**	154,031
Income tax expense	9	**(34,991)**	(33,553)
Profit for the year	10	**133,887**	120,478
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		**340**	(278)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(43,469)**	8,875
Other comprehensive (expense) income for the year, net of tax		**(43,129)**	8,597
Total comprehensive income for the year		**90,758**	129,075

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	NOTE	2020 RMB'000	2019 RMB'000
Profit for the year attributable to:			
Owners of the Company		**126,357**	110,149
Non-controlling interests		**7,530**	10,329
		133,887	120,478
Total comprehensive income for the year attributable to:			
Owners of the Company		**82,600**	118,698
Non-controlling interests		**8,158**	10,377
		90,758	129,075
Earnings per share	*14*		
Basic *(RMB)*		**0.61**	0.62
Diluted *(RMB)*		**0.61**	0.62

Consolidated Statement of Financial Position

At 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property and equipment	15	15,025	16,132
Right-of-use assets	16	63,340	81,535
Goodwill	17	52,945	64,411
Other intangible assets	18	58,403	45,206
Interests in associates	19	31,807	4,272
Equity instruments at fair value through other comprehensive income ("**FVTOCI**")	20	9,705	9,705
Deferred tax assets	21	3,752	2,781
Other receivable	22	11,207	11,533
Deposits	22	18,983	14,130
Restricted bank deposits	24	9,143	9,485
Retirement benefit assets	30	438	17
		274,748	259,207
CURRENT ASSETS			
Trade and other receivables, deposits and prepayments	22	525,895	513,356
Amounts due from fellow subsidiaries	23	189	847
Financial assets at fair value through profit or loss ("**FVTPL**")	24	90,459	133,292
Restricted bank deposits	24	–	16,233
Time deposits with original maturity over three months	24	291,303	5
Bank balances and cash	24	677,908	806,967
		1,585,754	1,470,700
CURRENT LIABILITIES			
Trade and other payables	25	468,895	358,452
Contract liabilities	26	28,959	20,879
Lease liabilities	27	28,663	31,858
Amount due to ultimate holding company	23	9,135	10,372
Amounts due to fellow subsidiaries	23	844	949
Tax payables		14,843	30,413
		551,339	452,923

Consolidated Statement of Financial Position

At 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
NET CURRENT ASSETS		**1,034,415**	1,017,777
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,309,163**	1,276,984
NON-CURRENT LIABILITIES			
Deferred tax liabilities	*21*	**16,479**	7,923
Lease liabilities	*27*	**36,279**	49,986
		52,758	57,909
NET ASSETS		**1,256,405**	1,219,075
CAPITAL AND RESERVES			
Share capital	*28*	**1,830**	1,830
Reserves		**1,189,362**	1,155,829
Equity attributable to owners of the Company		**1,191,192**	1,157,659
Non-controlling interests		**65,213**	61,416
TOTAL EQUITY		**1,256,405**	1,219,075

The consolidated financial statements on pages 93 to 180 were approved and authorised for issue by the board of directors on 30 March 2021 and are signed on its behalf by:

YUAN Jianhua
DIRECTOR

Victor HUANG
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 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	125	483,560	–	(5,835)	32,300	142,788	652,938	69,771	722,709
Profit for the year	–	–	–	–	–	110,149	110,149	10,329	120,478
Actuarial losses from remeasurement of defined benefit obligations, net of tax	–	–	–	–	–	(167)	(167)	(111)	(278)
Exchange differences arising on translation of foreign operations	–	–	–	8,716	–	–	8,716	159	8,875
Total comprehensive income for the year	–	–	–	8,716	–	109,982	118,698	10,377	129,075
Recognition of equity-settled share-based payments *(note 29)*	–	–	352	–	–	–	352	–	352
Dividends paid to non-controlling shareholders of subsidiaries ("NCI shareholders")	–	–	–	–	–	–	–	(18,732)	(18,732)
Dividends recognised as distribution *(note 13)*	–	(83,783)	–	–	–	–	(83,783)	–	(83,783)
Issue of shares under capitalisation issue *(note 28(iii))*	1,196	(1,196)	–	–	–	–	–	–	–
Issue of shares pursuant to initial public offering *(note 28(iv))*	442	435,940	–	–	–	–	436,382	–	436,382
Issue of shares upon over-allotment option exercised *(note 28(v))*	67	66,244	–	–	–	–	66,311	–	66,311
Transaction costs attributable to issue of new shares	–	(33,239)	–	–	–	–	(33,239)	–	(33,239)
Transfer to statutory reserve	–	–	–	–	3,129	(3,129)	–	–	–
At 31 December 2019	1,830	867,526	352	2,881	35,429	249,641	1,157,659	61,416	1,219,075
Profit for the year	–	–	–	–	–	126,357	126,357	7,530	133,887
Actuarial gains from remeasurement of defined benefit obligations, net of tax	–	–	–	–	–	204	204	136	340
Exchange differences arising on translation of foreign operations	–	–	–	(43,961)	–	–	(43,961)	492	(43,469)
Total comprehensive (expense) income for the year	–	–	–	(43,961)	–	126,561	82,600	8,158	90,758
Recognition of equity-settled share-based payments *(note 29)*	–	–	2,117	–	–	–	2,117	–	2,117
Dividends paid to NCI shareholders	–	–	–	–	–	–	–	(4,361)	(4,361)
Dividends recognised as distribution *(note 13)*	–	(51,184)	–	–	–	–	(51,184)	–	(51,184)
Transfer to statutory reserve	–	–	–	–	3,490	(3,490)	–	–	–
At 31 December 2020	1,830	816,342	2,469	(41,080)	38,919	372,712	1,191,192	65,213	1,256,405

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

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

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	2020 RMB'000	2019 RMB'000
OPERATING ACTIVITIES		
Profit before tax	168,878	154,031
Adjustments for:		
Finance costs	3,975	2,480
Bank interest income	(9,595)	(8,545)
Dividend income	(975)	(682)
Depreciation of property and equipment	5,174	4,526
Depreciation of right-of-use assets	31,768	32,345
Amortisation of intangible assets	2,734	2,705
Loss (gain) on disposal of property and equipment	773	(59)
Net fair value change in financial assets at FVTPL	(3,001)	(3,675)
Net imputed interest on consideration receivables	1,633	(77)
Impairment losses under ECL model, net of reversal	612	(1,410)
Impairment loss on goodwill	7,726	6,232
Equity-settled share-based payments	2,117	352
Share of (profit) loss of associates	(1,784)	1,926
Operating cash flows before movements in working capital	210,035	190,149
Increase in trade and other receivables, deposits and prepayments	(25,062)	(58,210)
Decrease in amount due from ultimate holding company	–	194
Decrease (increase) in amounts due from fellow subsidiaries	84	(273)
Increase in trade and other payables	115,058	5,882
Increase in contract liabilities	8,134	7,851
Decrease in amount due to ultimate holding company	(751)	(9,175)
Increase in amounts due to fellow subsidiaries	106	58
(Increase) decrease in retirement benefit assets	(85)	371
Cash generated from operations	307,519	136,847
Income tax paid	(34,969)	(25,645)
NET CASH FROM OPERATING ACTIVITIES	272,550	111,202
INVESTING ACTIVITIES		
Interest received	9,595	8,545
Dividend received	975	682
Purchases of property and equipment	(5,024)	(6,783)
Proceeds from disposal of property and equipment	66	120
Addition of other financial assets at FVTPL	–	(21,069)
Proceeds from disposal of other financial assets at FVTPL	20,297	–
Placement of structured deposits	(446,000)	(544,891)
Settlement of structured deposits	471,537	523,622
Placement of time deposits	(572,396)	(702,378)
Withdrawal of time deposits	264,365	849,927
Placement of restricted bank deposits	(29,600)	(29,734)
Withdrawal of restricted bank deposits	45,600	45,725
Repayment from ultimate holding company	–	3,966
Advance to fellow subsidiaries	–	(2,102)
Repayment from fellow subsidiaries	597	1,540
Addition of investments in associates	(27,350)	–
Return of capital from an associate	1,599	–
Settlement of consideration receivables from disposal of subsidiaries	2,650	1,515
Development costs paid	(18,186)	(5,456)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(281,275)	123,229

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	2020 RMB'000	2019 RMB'000
FINANCING ACTIVITIES		
Interest paid	(3,975)	(2,480)
Advance from ultimate holding company	–	504
Repayment to ultimate holding company	–	(1,823)
Advance from fellow subsidiaries	52	1,290
Repayment to fellow subsidiaries	(263)	(2,815)
Dividends paid to NCI shareholders	(4,361)	(18,732)
Dividends paid	(51,184)	(83,783)
Repayment of lease liabilities	(30,412)	(30,778)
Proceeds from issue of new shares	–	502,693
Payment of transaction costs attributable to issue of new shares	–	(30,935)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(90,143)	333,141
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(98,868)	567,572
CASH AND CASH EQUIVALENTS AT 1 JANUARY	806,967	229,839
Effect of foreign exchange rate changes	(30,191)	9,556
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash	677,908	806,967

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1. GENERAL INFORMATION

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 People's Republic of China (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 to as "Greater China Region").

The 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.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in IFRS Standards* and the following amendments to IFRSs issued by the International Accounting Standards Board ("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 consolidated financial statements:

Amendments to International Accounting Standard ("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 Amendments 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 year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

Amendments to IFRSs that are mandatorily effective for the current year (Continued)

Impacts on early application of Amendments to IFRS 16 *COVID-19-Related Rent Concessions*

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 that meets all of the following conditions:

- 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.

The application of the amendment had no impact to the opening retained profits at 1 January 2020. The Group has derecognised the part of lease liability that has been extinguished by the forgiveness of lease payments using the discount rates originally applied to these leases respectively, resulting in a decrease in the lease liabilities of approximately RMB234,000, which has been recognised as variable lease payments in profit or loss for the current year.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimate[1]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2021.

Except for the new and amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IFRS 3 *Reference to the Conceptual Framework*

The amendments:

- update a reference in IFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting* issued by IASB in March 2018 (the "Conceptual Framework") instead of the International Accounting Standards Committee's *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in September 2010);

- add a requirement that, for transactions and other events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or International Financial Reporting Interpretations Committee – Interpretation 21 *Levies* ("IFRIC 21"), an acquirer applies IAS 37 or IFRIC 21 instead of Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each Reporting Period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Basis of consolidation (Continued)

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* ("IFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a Reporting Period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that Reporting Period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Investments in associates (Continued)

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Leases

Definition of a lease

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee

Allocation of consideration to components of a contract

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

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

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

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;

- any lease payments made at or before the commencement date, less any lease incentives received;

- any initial direct costs incurred by the Group; and

- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from COVID-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities

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

The lease payments include:

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

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

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

Except for COVID-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

COVID-19-related rent concessions

In relation to rent concessions 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 if the changes are 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each Reporting Period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of the Reporting Period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each Reporting Period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

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

Government grants related 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. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under "other income".

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Retirement benefit costs

Payments to government sponsored defined contribution pension scheme in the PRC, the Mandatory Provident Fund Scheme in Hong Kong, defined contribution retirement benefit schemes in Taiwan and the Social Security Fund in Macau are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual Reporting Period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained profits and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual Reporting Period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item "cost of services", "selling expenses" or "administrative expenses". Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Retirement benefit costs (Continued)

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (for example contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability or asset.

- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by IAS 19 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity reduces service cost by attributing contributions to the employees' periods of service in accordance with IAS 19 paragraph 70.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each Reporting Period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the Reporting Period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each Reporting Period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the Reporting Period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the Reporting Period, to recover or settle the carrying amount of its assets and liabilities.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Taxation (Continued)

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Property and equipment

Property and equipment are tangible assets that are held for use in the supply of services or for administrative purposes. Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each Reporting Period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Intangible assets

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives.

The estimated useful life and amortisation method are reviewed at the end of the Reporting Period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Impairment on property and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the Reporting Period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. All regular way of purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next Reporting Period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the Reporting Period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each Reporting Period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group performs impairment assessment under ECL model on financial assets (including trade and other receivables, amounts due from fellow subsidiaries, restricted bank deposits, time deposits with original maturity over three months and bank balances and cash) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for credit-impaired debtors and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial asset at amortised cost has not increased significantly since initial recognition if the relevant instrument is determined to have low credit risk at the reporting date. A financial asset at amortised cost is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset at amortised cost to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience adjusted for forward-looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- past-due status;
- nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and amounts due to ultimate holding company and fellow subsidiaries are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the Reporting Period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of goodwill and intangible assets with indefinite useful lives

Determining whether goodwill and trademarks with indefinite useful lives are impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill and trademarks have been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows, in particular cash flows from revenue, are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss/further impairment loss may arise. Furthermore, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainties in the current year due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in macro and micro-economic factors, including potential disruptions of the operations of the cash-generating units.

As at 31 December 2020, the carrying amount of goodwill is approximately RMB52,945,000 (2019: RMB64,411,000) (net of accumulated impairment loss of approximately RMB13,581,000 (2019: RMB6,232,000)) while the carrying amount of trademarks is approximately RMB30,452,000 (2019: RMB32,412,000). Details of the recoverable amount calculation are disclosed in note 17.

Provision of ECL for trade receivables

Trade receivables that are credit-impaired are assessed for ECL individually. In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on internal credit ratings as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 32 and 22, respectively.

5. 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 a 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 ("RPO") management services and recruitment services. The Group assists customers' hiring process, which include candidate assessments, screening, conducting candidate interviews and recommending suitable candidates for job vacancies, providing sourcing technology, and providing the Group's marketing and recruiting expertise.

2. Other Human Resource ("HR") Services – the Group provides HR services to customers who need assistance in outplacement, leadership development, career management, talent assessment, and training and development services.

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

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

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

Year ended 31 December 2020

	Workforce Solutions RMB'000	Other HR Services RMB'000	Total RMB'000
Segment revenue	3,198,099	24,532	3,222,631
Segment profit	517,262	18,239	535,501
Unallocated:			
Selling expenses			(302,348)
Administrative expenses			(70,874)
Other income			14,269
Impairment losses under ECL model, net of reversal			(612)
Other gains and losses			(4,867)
Finance costs			(3,975)
Share of profit of associates			1,784
Profit before tax			168,878

Year ended 31 December 2019

	Workforce Solutions RMB'000	Other HR Services RMB'000	Total RMB'000
Segment revenue	2,963,762	77,751	3,041,513
Segment profit	553,813	32,784	586,597
Unallocated:			
Selling expenses			(345,354)
Administrative expenses			(75,225)
Other income			10,938
Impairment losses under ECL model, net of reversal			1,410
Other gains and losses			(1,687)
Finance costs			(2,480)
Share of loss of associates			(1,926)
Listing expenses			(18,242)
Profit before tax			154,031

5. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

Information about the Group's revenue from external customers is presented based on the location of the operations of customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets*	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
PRC	**1,763,695**	1,511,849	**121,736**	85,096
Hong Kong and Macau	**620,146**	698,390	**94,494**	117,735
Taiwan	**838,790**	831,274	**5,290**	8,725
	3,222,631	3,041,513	**221,520**	211,556

* Non-current assets excluded those relating to deferred tax assets, retirement benefit assets and financial instruments.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. 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 or losses, finance costs and share of profit (loss) of associates. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. In addition, the impairment loss on goodwill of approximately RMB7,726,000 (2019: RMB6,232,000) recognised in profit or loss for Workforce Solutions segment is provided to the CODM but not included in the measure of segment profit.

There were no inter-segment sales for both years.

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.

Information about major customers

Revenue from the customer of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2020	2019
	RMB'000	RMB'000
Customer A[1]	**705,257**	393,139

[1] Revenue from Workforce Solutions

5. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue

Year ended 31 December 2020

	Workforce Solutions RMB'000	Other HR Services RMB'000	Total RMB'000
Types of service			
Flexible staffing	**3,011,853**	**–**	**3,011,853**
Recruitment solutions	**186,246**	**–**	**186,246**
Others	**–**	**24,532**	**24,532**
	3,198,099	**24,532**	**3,222,631**
Timing of revenue recognition			
A point in time	**177,400**	**–**	**177,400**
Over time	**3,020,699**	**24,532**	**3,045,231**
	3,198,099	**24,532**	**3,222,631**

Year ended 31 December 2019

	Workforce Solutions RMB'000	Other HR Services RMB'000	Total RMB'000
Types of service			
Flexible staffing	2,685,217	–	2,685,217
Recruitment solutions	278,545	–	278,545
Others	–	77,751	77,751
	2,963,762	77,751	3,041,513
Timing of revenue recognition			
A point in time	268,093	–	268,093
Over time	2,695,669	77,751	2,773,420
	2,963,762	77,751	3,041,513

5. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue (Continued)

Flexible staffing services include the augmentation of customers' workforce with the Group's contingent employees performing services under the customers' supervision, which provides the customers with a source of flexible labor. The Group provides flexible staffing services under the brands of "Manpower" and "萬寶盛華" in the Greater China Region. Flexible staffing contracts are generally short-term in nature, and the Group generally enters into contracts that include only a single performance obligation. The revenue of flexible staffing service is based on a fixed amount on a per headcount or hour basis and recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. The customers are usually billed at the end of each month, or in advance for certain customers, with an average credit terms of 30–90 days.

Recruitment solutions services include headhunting services and RPO management services:

- Headhunting services include providing qualified candidates to the customers to hire on a permanent basis. The Group provides headhunting services under the brands of "Experis" and "萬寶瑞華" in the Greater China Region. The revenue for headhunting services are recognised at a point in time when the Group places the qualified candidate, because the Group has determined that control of the performance obligation has transferred to the customers (i.e., service performed) as it has the right to payment for its service and the customers have accepted its service of providing a qualified candidate to fill a permanent position. Revenue recognised from headhunting services is based upon either a fixed fee per placement or as a percentage of the candidate's salary. The customers are usually billed when the Group places the qualified candidate with an average credit terms of 30–90 days.

- The Group provides RPO management services under the brand of "ManpowerGroup Solutions" in the Greater China Region. RPO management services include the various activities of managing the permanent workforce of the customers, which include candidate assessments, screening, conducting candidate interviews, providing sourcing technology, and providing the marketing and recruiting expertise. The Group performs these activities to fulfill the overall obligation to provide permanent workforce management services, so they are not individually distinct and, therefore, the Group accounts for them as a single performance obligation. The RPO management services are charged on a monthly basis and revenue of RPO management services is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. The customers are usually billed at the end of each month with an average credit terms of 30–90 days.

Other HR services include HR consultancy services, training and development services, career transition services and payroll as well as compensation & benefits services. The revenue of other HR services is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. The customers are usually billed on a regular basis with an average credit terms of 30–90 days.

All of the Group's revenue are made directly with the customers. The periods of flexible staffing services and recruitment solutions services are generally within one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. 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:

	2020 RMB'000	2019 RMB'000
Multinational corporations and local enterprises	3,081,827	2,902,327
Government bodies	140,804	139,186
	3,222,631	3,041,513

6. OTHER INCOME

	2020 RMB'000	2019 RMB'000
Interest income	9,595	8,545
Dividend income from equity instruments at FVTOCI	975	682
Government grants *(Note)*	3,370	1,000
Others	329	711
	14,269	10,938

Note: Government grants represent incentive subsidies received in relation to business carried out by the Group in the PRC. There were no specific conditions/assets attached to the grants and, therefore, the Group recognised the grants upon receipts. The subsidies were granted on a discretionary basis to the Group during the years ended 31 December 2020 and 2019.

7. OTHER GAINS AND LOSSES

	2020 RMB'000	2019 RMB'000
Impairment loss on goodwill	(7,726)	(6,232)
Net exchange (losses) gains	(142)	870
Net fair value change in financial assets at FVTPL	3,001	3,675
	(4,867)	(1,687)

8. FINANCE COSTS

	2020 RMB'000	2019 RMB'000
Interest on lease liabilities	3,975	2,480

9. INCOME TAX EXPENSE

	2020 RMB'000	2019 RMB'000
Current tax:		
– PRC Enterprise Income Tax ("EIT")	14,651	18,049
– Hong Kong Profits Tax	2,953	5,734
– Macau Complementary Tax	43	313
– Taiwan Income Tax	6,003	7,692
– Taiwan dividend withholding tax	3,794	–
	27,444	31,788
(Over)underprovision in prior years:		
– PRC EIT	84	175
– Hong Kong Profits Tax	(532)	(107)
– Taiwan Income Tax	(30)	–
	(478)	68
Deferred tax (note 21)	8,025	1,697
	34,991	33,553

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

Certain PRC subsidiaries of the Group were qualified as Small Low-Profit Enterprise, under the relevant tax regulations in the PRC, which were entitled to a preferential income tax rate that was calculated in accordance with the two-tiered profits tax rates regime for the years ended 31 December 2019 and 2020 and year ending 31 December 2021. Under the two-tiered profits tax rates regime, the first RMB1,000,000 of the taxable income of qualified entities are taxed at 5%, and the taxable income above RMB1,000,000 and less than RMB3,000,000 are taxed at 10%.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No.7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, 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.

9. INCOME TAX EXPENSE (Continued)

Macau Complementary Tax is calculated at 12% of the estimated assessable profit for both years.

Taiwan Income Tax is calculated at 20% of the estimated assessable profit for both years. Under the relevant regulations in Taiwan, unappropriated earnings of subsidiaries in Taiwan is subject to a corporate surtax of 5%. Withholding tax of 21% is imposed on dividends declared in respect of profits earned by Taiwan subsidiaries that are received by non-Taiwan resident entities.

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

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

The tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 RMB'000	2019 RMB'000
Profit before tax	168,878	154,031
Tax at PRC EIT rate of 25%	42,220	38,508
Tax effect of expenses not deductible for tax purpose	1,863	4,984
Tax effect of income not taxable for tax purpose	(7,395)	(77)
Tax effect of share of (profit) loss of associates	(446)	482
Tax effect of different tax rates of group entities operating in other jurisdictions	(7,281)	(9,729)
Income tax at concessionary tax	(1,992)	(1,630)
Income tax on unappropriated earnings for subsidiaries in Taiwan	–	938
Utilisation of tax losses previously not recognised	(133)	–
Withholding tax	8,627	–
(Over)underprovision in respect of prior years	(478)	68
Others	6	9
Income tax expense for the year	34,991	33,553

At 31 December 2020, the Group has unused tax losses of approximately nil (2019: RMB531,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. The tax losses will be expired at various time within a period of five years from the year of origination.

10. PROFIT FOR THE YEAR

	2020 RMB'000	2019 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Directors' emoluments *(note 11)*		
Fees	**642**	324
Salaries, allowances and other benefits	**3,218**	3,218
Retirement benefit scheme contributions	**62**	101
Performance related bonus	**835**	2,556
Equity-settled share-based payments	**211**	36
	4,968	6,235
Other staff costs		
Salaries, allowances and other benefits	**2,718,430**	2,207,405
Retirement benefit scheme contributions	**227,283**	284,667
Equity-settled share-based payments	**1,906**	316
	2,947,619	2,492,388
Total staff costs	**2,952,587**	2,498,623
Auditor's remuneration	**2,830**	3,450
Depreciation of property and equipment	**5,174**	4,526
Depreciation of right-of-use assets	**31,768**	32,345
Amortisation of intangible assets	**2,734**	2,705
Loss (gain) on disposal of property and equipment	**773**	(59)
Research and development costs recognised as an expense (included in administrative expenses)	**449**	5,451
COVID-19-related rent concessions *(note 16)*	**(234)**	–

For the year ended 31 December 2020, 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.

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of the emoluments paid or payable during the year for their services rendered to the entities comprising the Group are as follows:

Year ended 31 December 2020

	Fees RMB'000	Salaries, allowances and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Performance related bonus RMB'000 *(Note iv)*	Equity-settled share-based payments RMB'000	Total RMB'000
Executive director:						
YUAN Jianhua *(Note i)*	–	3,218	62	835	211	4,326
Non-executive directors (Note ii):						
Darryl E GREEN	–	–	–	–	–	–
John Thomas MCGINNIS *(Note v)*	–	–	–	–	–	–
Sriram CHANDRASEKAR *(Note vi)*	–	–	–	–	–	–
ZHANG Yinghao	–	–	–	–	–	–
ZHAI Feng	–	–	–	–	–	–
Independent non-executive directors (Note iii):						
Thomas YEOH Eng Leong *(Note vii)*	214	–	–	–	–	214
WONG Man Lai Stevie *(Note vii)*	214	–	–	–	–	214
Victor HUANG *(Note vii)*	214	–	–	–	–	214
	642	3,218	62	835	211	4,968

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Year ended 31 December 2019

	Fees RMB'000	Salaries, allowances and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Performance related bonus RMB'000 *(Note iv)*	Equity-settled share-based payments RMB'000	Total RMB'000
Executive director:						
YUAN Jianhua *(Note i)*	–	3,218	101	2,556	36	5,911
Non-executive directors (Note ii):						
Darryl E GREEN	–	–	–	–	–	–
Sriram CHANDRASEKAR *(Note vi)*	–	–	–	–	–	–
ZHANG Yinghao	–	–	–	–	–	–
ZHAI Feng	–	–	–	–	–	–
Independent non-executive directors (Note iii):						
Thomas YEOH Eng Leong *(Note vii)*	108	–	–	–	–	108
WONG Man Lai Stevie *(Note vii)*	108	–	–	–	–	108
Victor HUANG *(Note vii)*	108	–	–	–	–	108
	324	3,218	101	2,556	36	6,235

Notes:

(i) The executive director's emoluments shown above were for his services in connection with the management of the affairs of the Company and the Group and the capacity as the chief executive of the Company.

(ii) The non-executive directors' emoluments shown above were for their services as directors of the Company and its subsidiaries, if applicable.

(iii) The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

(iv) The performance related bonus are determined based on the performance of the director on a discretionary basis.

(v) John Thomas MCGINNIS was appointed as a non-executive director of the Company on 29 June 2020.

(vi) Sriram CHANDRASEKAR was resigned as a non-executive director of the Company on 29 June 2020.

(vii) Thomas YEOH Eng Leong, WONG Man Lai Stevie and Victor HUANG were appointed as independent non-executive directors of the Company on 15 March 2019.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group during the year include one director (2019: one director), details of whose remuneration are set out in note 11 above. Details of the remuneration for the year of the remaining four (2019: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2020 RMB'000	2019 RMB'000
Salaries, allowances and other benefits	9,179	9,229
Retirement benefit scheme contributions	195	324
Performance related bonus	4,310	3,937
Equity-settled share-based payments	605	92
	14,289	13,582

The number of the highest paid employees who are not the directors of the Company whose emolument fell within the following bands is as follows:

	2020 No. of employees	2019 No. of employees
HK$2,500,001 to HK$3,000,000	2	–
HK$3,000,001 to HK$3,500,000	1	3
HK$5,500,001 to HK$6,000,000	–	1
HK$7,000,001 to HK$7,500,000	1	–
	4	4

No emoluments were paid by the Group to any of the directors or chief executive officer of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office during both years. The non-executive directors of the Company waived their emoluments of approximately RMB214,000 (equivalent to HK$240,000) (2019: nil) for the year ended 31 December 2020.

During the year, certain non-director and non-chief executive highest paid employees were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in note 29 to the Group's consolidated financial statements.

13. DIVIDENDS

During the year ended 31 December 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.

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

Subsequent to the end of the Reporting Period, a final dividend of HK$0.32 per ordinary share in respect of the year ended 31 December 2020, in an aggregate amount of approximately HK$66.4 million (equivalent to approximately RMB56 million), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

14. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

	2020 RMB'000	2019 RMB'000
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**126,357**	110,149

Number of shares

	2020	2019
Weighted average number of ordinary shares for the purpose of basic earnings per share	**207,500,000**	176,993,151
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**196,484**	–
Over-allotment option issued by the Company	**–**	66,586
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**207,696,484**	177,059,737

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share 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 28 have been effective on 1 January 2019.

The computation of diluted earnings per share for the year ended 31 December 2019 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 2019.

15. PROPERTY AND EQUIPMENT

	Leasehold improvements RMB'000	Buildings RMB'000	Furniture and fixtures RMB'000	Computer equipment RMB'000	Total RMB'000
COST					
At 1 January 2019	13,258	1,835	11,882	19,954	46,929
Additions	3,166	–	474	3,143	6,783
Disposals	–	–	(7,682)	(4,966)	(12,648)
Exchange adjustments	32	–	224	203	459
At 31 December 2019	16,456	1,835	4,898	18,334	41,523
Additions	3,857	–	171	996	5,024
Disposals	(1,737)	–	(670)	(974)	(3,381)
Exchange adjustments	(158)	–	(74)	(194)	(426)
At 31 December 2020	18,418	1,835	4,325	18,162	42,740
ACCUMULATED DEPRECIATION					
At 1 January 2019	9,239	849	9,710	13,298	33,096
Provided for the year	1,848	87	331	2,260	4,526
Eliminated on disposals	–	–	(7,666)	(4,921)	(12,587)
Exchange adjustments	22	–	187	147	356
At 31 December 2019	11,109	936	2,562	10,784	25,391
Provided for the year	2,414	87	450	2,223	5,174
Eliminated on disposals	(943)	–	(637)	(962)	(2,542)
Exchange adjustments	(121)	–	(43)	(144)	(308)
At 31 December 2020	12,459	1,023	2,332	11,901	27,715
CARRYING VALUES					
At 31 December 2020	5,959	812	1,993	6,261	15,025
At 31 December 2019	5,347	899	2,336	7,550	16,132

The above items of property and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	20% or shorter of lease term
Buildings	5%
Furniture and fixtures	20%
Computer equipment	20% – $33\frac{1}{3}$%

16. RIGHT-OF-USE ASSETS

	Leasehold land and buildings RMB'000
As at 31 December 2020	
Carrying amount	63,340
As at 31 December 2019	
Carrying amount	81,535
For the year ended 31 December 2020	
Depreciation charge	31,768
For the year ended 31 December 2019	
Depreciation charge	32,345

	2020 RMB'000	2019 RMB'000
Expenses relating to short-term leases	201	10,832
Total cash outflow for leases	30,613	41,610
Additions to right-of-use assets	14,949	40,700

For both years, the Group leases various office premises for its operations. Lease contracts are entered into for fixed term of one month to five years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for office premises. As at 31 December 2020 and 2019, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Restrictions or covenants on leases

In addition, lease liabilities of approximately RMB64,942,000 (2019: RMB81,844,000) are recognised with related right-of-use assets of approximately RMB63,340,000 (2019: RMB81,535,000) as at 31 December 2020. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

16. RIGHT-OF-USE ASSETS (Continued)

Leases committed

As at 31 December 2020, the Group did not enter into any new leases that are not yet commenced. As at 31 December 2019, the Group entered into new leases for several office premises that were not yet commenced, with non-cancellable period of 5 years, the total future undiscounted cash flows over the non-cancellable period amounted to approximately RMB21,586,000.

Details of the lease maturity analysis of lease liabilities are set out in note 27.

Rent Concessions

During the year ended 31 December 2020, lessors of certain office premises provided rent concessions to the Group through rent reductions ranging from 5% to 100% over two to ten 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. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of approximately RMB234,000 were recognised as negative variable lease payments.

17. GOODWILL AND IMPAIRMENT TESTING ON GOODWILL AND OTHER INTANGIBLE ASSET WITH INDEFINITE USEFUL LIVES

	2020 RMB'000	2019 RMB'000
COST		
At 1 January	**70,643**	69,310
Exchange adjustments	**(4,117)**	1,333
At 31 December	**66,526**	70,643
IMPAIRMENT		
At 1 January	**6,232**	–
Impairment loss recognised in the year	**7,726**	6,232
Exchange adjustments	**(377)**	–
At 31 December	**13,581**	6,232
CARRYING VALUES		
At 31 December	**52,945**	64,411

17. GOODWILL AND IMPAIRMENT TESTING ON GOODWILL AND OTHER INTANGIBLE ASSET WITH INDEFINITE USEFUL LIVES (Continued)

For the purposes of impairment testing, goodwill and trademarks with indefinite useful lives have been allocated to three individual cash-generating units ("CGUs"), comprising three subsidiaries in the Workforce Solutions segment. The carrying amounts of goodwill and trademarks (net of accumulated impairment losses, if any) allocated to these units are as follows:

	2020 **RMB'000**	2019 RMB'000
Goodwill:		
– Manpower Services (Hong Kong) Limited ("Manpower Services HK")	**28,585**	30,426
– Xi'an Foreign Enterprise Service Co., Ltd.* 西安外國企業服務有限公司 ("Xi'an Fesco")	**2,610**	2,610
– Event Elite Production and Promotion Limited ("Event Elite")	**21,750**	31,375
Trademarks:		
– Event Elite	**30,452**	32,412
	83,397	96,823

* *For identification purposes only*

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

The recoverable amounts of CGUs have been determined based on a value in use calculation. Their recoverable amounts are based on certain similar key assumptions including discount rate and revenue growth rates. Their value in use calculations use cash flow projections based on financial budgets approved by management covering a 5-year period (2019: 5-year). Cash flow projections beyond the 5-year period are extrapolated using a steady 3% growth rate (2019: 3%). This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry in which the businesses of the CGUs operate. For the year ended 31 December 2020, the pre-tax rates used to discount the forecast cash flows from Manpower Services HK, Xi'an Fesco and Event Elite are 17.6% (2019: 17.6%), 16% (2019: 16%) and 22.4% (2019: 24.1%), respectively.

Cash flow projections during the budget period for the CGUs are also based on management's estimation of cash inflows/outflows including gross revenue, gross margin, operating expenses and working capital requirements during the budget period. The assumptions and estimations are based on the CGU's past performance, management's expectations of the market development. The cash flow projections, revenue growth rates and discount rate have been reassessed as at 31 December 2020 taking into consideration higher degree of estimation uncertainties in the current year due to how the COVID-19 pandemic may progress and evolve and volatility in macro and micro-economic factors, including potential disruptions of the operations of the CGUs.

During the year ended 31 December 2020, due to the continuing unfavourable market conditions arising from the COVID-19 pandemic, the directors of the Company have consequently determined impairment of goodwill directly related to Event Elite amounting to approximately RMB7,726,000. The impairment loss has been included in profit or loss in the "other gains and losses" line item. No other write-down of the assets of Event Elite is considered necessary. The recoverable amount of Event Elite amounted to approximately RMB84.5 million as at 31 December 2020. During the years ended 31 December 2020 and 2019, the management of the Group determines that there is no impairment on Manpower Services HK and Xi'an Fesco.

During the year ended 31 December 2019, due to the adverse change of market conditions, the directors of the Company have consequently determined impairment of goodwill directly related to Event Elite amounting to approximately RMB6,232,000. The impairment loss has been included in profit or loss in the "other gains and losses" line item. No other write-down of the assets of Event Elite was considered necessary. The recoverable amount of Event Elite amounted to approximately RMB114.4 million as at 31 December 2019.

If the discount rate was changed to 23.4% (2019: 25.1%), while other parameters remain constant, the recoverable amount of Event Elite would reduce to approximately RMB80.1 million (2019: RMB108.9 million) and a further impairment of goodwill of approximately RMB2.4 million (2019: RMB2.8 million) would be recognised.

18. OTHER INTANGIBLE ASSETS

	Trademarks RMB'000	Customers relationships RMB'000	Softwares RMB'000	Total RMB'000
COST				
At 1 January 2019	31,777	13,489	–	45,266
Additions	–	–	5,456	5,456
Exchange adjustments	635	270	–	905
At 31 December 2019	32,412	13,759	5,456	51,627
Additions	–	–	18,186	18,186
Exchange adjustments	(1,960)	(832)	–	(2,792)
At 31 December 2020	30,452	12,927	23,642	67,021
AMORTISATION				
At 1 January 2019	–	3,597	–	3,597
Charge for the year	–	2,705	–	2,705
Exchange adjustments	–	119	–	119
At 31 December 2019	–	6,421	–	6,421
Charge for the year	–	2,734	–	2,734
Exchange adjustments	–	(537)	–	(537)
At 31 December 2020	–	8,618	–	8,618
CARRYING VALUES				
At 31 December 2020	30,452	4,309	23,642	58,403
At 31 December 2019	32,412	7,338	5,456	45,206

The following useful lives are used in the calculation of amortisation:

Trademarks	Indefinite lives
Customers relationships	5 years
Softwares	10 years

Trademarks are considered by the management as having indefinite useful lives as they can be renewed at minimal cost and are expected to contribute indefinitely to the Group's net cash inflows. They are not amortised but subject to an annual impairment test and whenever there is any impairment indicator. Particulars of the impairment testing is disclosed in note 17.

19. INTERESTS IN ASSOCIATES

	2020 RMB'000	2019 RMB'000
Cost of investments in associates	**33,651**	7,900
Share of post-acquisition losses and other comprehensive expense, net of dividends received	**(1,844)**	(3,628)
	31,807	4,272

Details of each of the Group's associates at the end of the Reporting Period are as follow:

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activities
		2020	2019	**2020**	2019	
上海金螯企業管理有限公司 Shanghai Jinzhou Enterprise Management Co., Ltd.*	PRC	**34%**	34%	**34%**	34%	Human resource services
北京萬智國際人力資源有限公司 Beijing Wanzhi International Human Resources Co., Ltd.*	PRC	**35%**	35%	**35%**	35%	Human resource services
匯智盛華(瀋陽)人力資源服務有限公司 Huizhishenghua (Shenyang) Human Resources Services Co., Ltd.*	PRC	**20%**	20%	**20%**	20%	Human resource services
南京盛華領航企業管理諮詢有限公司 Nanjing Shenghua Linghang Enterprise Management Consultancy Co., Ltd.*	PRC	**34%**	34%	**34%**	34%	Human resource services
海南萬盛智慧科技有限公司 Hainan Wan Sheng Zhi Hui Technology Co., Ltd.* ("Hainan Wan Sheng") *(Note i)*	PRC	**49%**	N/A	**49%**	N/A	Training services
中瑞方勝金融服務外包(北京)有限公司 ZhongRui FESCO Outsourcing (Beijing) Co., Ltd. ("ZhongRui FESCO") *(Note ii)*	PRC	**45%**	N/A	**45%**	N/A	Human resource services

* *For identification purposes only*

19. INTERESTS IN ASSOCIATES (Continued)

Notes:

(i) During the year ended 31 December 2020, the Group entered into an agreement with an independent third party for investment of 49% equity interest in Hainan Wan Sheng for a consideration of RMB9,800,000. 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.

(ii) During the year ended 31 December 2020, the Group has entered into an agreement with an independent third party for investment of 45% equity interest in ZhongRui FESCO for a consideration of RMB17,550,000. The Group has the right to appoint one out of three directors on the board of ZhongRui FESCO. The directors of the Group consider that the Group can exercise significant influence over ZhongRui FESCO and it is therefore classified as an associate of the Group.

The initial accounting of the investment in ZhongRui FESCO is not yet completed and the investment in an associate recognised in the consolidated financial statements have been determined provisionally. The relevant purchase price allocation exercise has not yet been finalised at the date of issuance of these consolidated financial statements. The provisional amount of goodwill arising from the disposal was approximately RMB8.7 million.

All of these associates are accounted for using the equity method in the consolidated financial statements.

Aggregate information of associates that are not individually material

	2020 RMB'000	2019 RMB'000
The Group's share of total comprehensive income (expense)	**1,784**	(1,926)

20. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The amount represents unlisted equity investments in the PRC.

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 31 December 2020 and 2019.

These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

There is no significant change in the fair values of the investments during both years.

* *For identification purposes only*

21. DEFERRED TAX ASSETS/LIABILITIES

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

	ECL provision RMB'000	Accrued payroll expenses RMB'000	Withholding tax on undistributed profits RMB'000	Other intangible assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2019	574	1,988	–	(6,875)	959	(3,354)
Charge to profit or loss	(353)	(109)	–	(917)	(318)	(1,697)
Exchange adjustments	14	20	–	(131)	6	(91)
At 31 December 2019	235	1,899	–	(7,923)	647	(5,142)
Credit (charge) to profit or loss	153	163	(4,833)	(4,096)	588	(8,025)
Exchange adjustments	13	20	–	373	34	440
At 31 December 2020	401	2,082	(4,833)	(11,646)	1,269	(12,727)

Under the EIT Law of 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. As at 31 December 2020, deferred tax liabilities of RMB4,833,000 (2019: nil) has been provided for in respect of the temporary differences arising from the undistributed profits of Taiwan subsidiaries. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to undistributed profits of the PRC and Taiwan subsidiaries in aggregate amounting to RMB176.8 million (2019: RMB144.8 million) as at 31 December 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.

22. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020 RMB'000	2019 RMB'000
Trade receivables	460,168	478,031
Less: allowance for credit losses	(3,086)	(3,197)
Total trade receivables	457,082	474,834
Deposits, prepayments and other receivables	85,605	46,504
Consideration receivables *(Note)*	2,191	6,148
Total trade and other receivables, deposits and prepayments	544,878	527,486
Analysed as:		
– Non-current	18,983	14,130
– Current	525,895	513,356
	544,878	527,486

Note: The outstanding consideration receivables from the disposal of Guangzhou Reach of RMB16,085,000 at 31 December 2020 (2019: RMB18,735,000) will be settled by instalments by December 2027 and were, accordingly, adjusted for the effect of the time value of money using an effective interest rate of 4.9% per annum. Such consideration receivables are recorded on the consolidated statement of financial position of the Group as follows:

	2020 RMB'000	2019 RMB'000
Other receivables:		
– Non-current	11,207	11,533
– Current	2,191	6,148
	13,398	17,681

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

As at 1 January 2019, trade receivables from contracts with customers amounted to approximately RMB451,409,000.

The following is an aged analysis of trade receivables net of allowance for credit losses, presented based on the invoice date:

	2020 RMB'000	2019 RMB'000
0–30 days	418,415	436,220
31–60 days	16,429	22,685
61–90 days	7,323	7,748
Over 90 days	14,915	8,181
	457,082	474,834

As at 31 December 2020, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately RMB19,466,000 (2019: RMB17,517,000) which are past due as at the reporting date. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables are set in note 32.

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

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

The remaining amounts due from fellow subsidiaries of approximately RMB189,000 (2019: RMB273,000) at 31 December 2020 are trade in nature, unsecured, non-interest bearing and repayable on demand.

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

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:

	Amounts due from fellow subsidiaries	
	2020 RMB'000	2019 RMB'000
0–30 days	124	137
31–60 days	33	28
61–90 days	20	67
Over 90 days	12	41
	189	273

Details of impairment assessment of amounts due from fellow subsidiaries are set out in note 32.

The amounts due to ultimate holding company of approximately RMB7,416,000 (2019: RMB7,902,000) and fellow subsidiaries of nil (2019: RMB211,000) at 31 December 2020 are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

The remaining amounts due to ultimate holding company of approximately RMB1,719,000 (2019: RMB2,470,000) and fellow subsidiaries of approximately RMB844,000 (2019: RMB738,000) at 31 December 2020 are trade in nature, unsecured, non-interest bearing and repayable on demand.

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

	Amount due to ultimate holding company		Amounts due to fellow subsidiaries	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
0–30 days	726	736	43	116
31–60 days	635	743	82	38
61–90 days	258	650	34	38
Over 90 days	100	341	685	546
	1,719	2,470	844	738

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/RESTRICTED BANK DEPOSITS/TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS/BANK BALANCES AND CASH

Financial assets at FVTPL represent the financial products issued by the banks in the PRC and the unlisted equity investments entered with a financial institution in Hong Kong. As at 31 December 2020, the financial assets at FVTPL of nil (2019: RMB56,000,000) is pledged for surety bonds issued by the banks to the Group (note 33).

Restricted bank deposits represent bank deposits which are restricted for surety bonds issued to the Group by banks (see note 33) for service contracts as requested by customers. As at 31 December 2020, the restricted bank deposits carried interest rates of 0.49% to 2.18% (2019: 0.49% to 1.65%) per annum.

Time deposits with original maturity over three months of approximately RMB291,303,000 (2019: RMB5,000) represent fixed deposits with maturity more than three months from the date of acquisition which carried interest at prevailing market rate of 0.74% (2019: 0.59%) per annum as at 31 December 2020.

As at 31 December 2020, bank balances carried interest at prevailing market rates of 0.005% to 1.65% (2019: 0.005% to 2.6%) per annum.

Details of impairment assessment are set out in note 32.

25. TRADE AND OTHER PAYABLES

	2020 RMB'000	2019 RMB'000
Trade payables	13,802	14,941
Accrued payroll and other expenses	426,355	313,652
Other tax payables	28,738	29,859
	468,895	358,452

The following is an aged analysis of the trade payables at the end of the Reporting Period, presented based on the invoice date:

	2020 RMB'000	2019 RMB'000
0–30 days	13,627	14,655
31–60 days	12	30
61–90 days	23	56
91–120 days	140	200
	13,802	14,941

26. CONTRACT LIABILITIES

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

At 1 January 2019, contract liabilities amounted to approximately RMB12,821,000.

27. LEASE LIABILITIES

	2020 RMB'000	2019 RMB'000
Lease liabilities payable:		
Within one year	**28,663**	31,858
Within a period of more than one year but not more than two years	**30,952**	24,556
Within a period of more than two years but not more than five years	**5,327**	25,430
	64,942	81,844
Less: Amount due for settlement with 12 months shown under current liabilities	**(28,663)**	(31,858)
Amount due for settlement after 12 months shown under non-current liabilities	**36,279**	49,986

Rental deposits of approximately RMB9.9 million (2019: RMB14.1 million) was paid as of 31 December 2020 for the lease liabilities.

The weighted average incremental borrowing rates applied to lease liabilities range from 3.37% to 4.90% (2019: 3.37% to 4.90%).

28. SHARE CAPITAL

	Par value	Number of shares	Amount US$	Amount HK$	Shown in the consolidated financial statements RMB'000
Ordinary shares					
Authorised:					
At 1 January 2019	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 31 December 2019, 1 January 2020 and 31 December 2020	HK$0.01	1,520,000,000	–	15,200,000	
Issued and fully paid:					
At 1 January 2019	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
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, 1 January 2020 and 31 December 2020	HK$0.01	207,500,000	–	2,075,000	1,830

28. SHARE CAPITAL (Continued)

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 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.

29. 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 31 December 2020, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 7,005,000 (2019: 3,827,000), representing 3.4% (2019: 1.8%) 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.

29. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

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

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 fulfilment 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.

The following tables disclose movements of the Company's share options:

2020

			Number of share options			
	Exercise price	Date of grant	Outstanding at 1 January 2020	Granted during year	Forfeited during year	Outstanding at 31 December 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	–	(529,000)	2,898,000
	HK$8.76	8 April 2020	–	3,567,000	(260,000)	3,307,000
			3,827,000	3,967,000	(789,000)	7,005,000
Exercisable at the end of the year			–			–
Weighted average exercise price (HK$)			10.94	8.76	10.22	9.79

29. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

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

2019

			Number of share options			
	Exercise price	Date of grant	Outstanding at 1 January 2019	Granted during year	Forfeited during year	Outstanding at 31 December 2019
Directors	HK$10.94	20 September 2019	–	400,000	–	400,000
Employees	HK$10.94	20 September 2019	–	3,462,000	(35,000)	3,427,000
			–	3,862,000	(35,000)	3,827,000
Exercisable at the end of the year						–
Weighted average exercise price (HK$)			–	10.94	10.94	10.94

The estimated fair values of the options granted on 20 September 2019 and 8 April 2020 are approximately RMB4,260,000 and RMB3,682,000, respectively.

These fair values were calculated using the Binomial model. The inputs into the model were as follows:

	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

Expected volatility was determined by using the historical volatility of comparable companies as an estimate. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

29. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

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

The Group recognised the total expense of approximately RMB2,117,000 (2019: RMB352,000) for the year ended 31 December 2020 in relation to share options granted by the Company.

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.

30. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

(a) The PRC

The Group's full-time employees in the PRC are covered by a government sponsored defined contribution pension scheme, and are entitled to a monthly pension from their retirement dates. The PRC Government is responsible for the pension liability to these retired employees. The Group is required to make annual contributions to the retirement plan at a rate of 12% to 20% (2019: 12% to 20%) of employees' salaries, which are charged to profit or loss as an expense when the contributions are due.

(b) Hong Kong

The Group participates in a pension scheme, which was registered under the Mandatory Provident Fund Schemes Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The mandatory provident fund scheme (the "MPF Scheme") is a defined contribution scheme and is funded by contributions from employers and employees according to the provisions of the MPF Ordinance.

The Group's and the employees' contributions to the MPF Scheme are each set at 5% of the employees' salaries up to a maximum of HK$1,500 since 1 June 2014 per employee per month. The Group's contributions to the MPF Scheme are fully and immediately vested to the employees once they are paid.

(c) Taiwan

According to the Labor Pension Act in Taiwan, for employees who are hired on or after 1 July 2005, an employer is required to contribute each month an amount equivalent to at least 6% of each employee's monthly salary into the employee's personal pension fund account at the Bureau of Labor Insurance. The employees may also voluntarily contribute up to 6% of their monthly salaries to the personal pension fund account.

The Taiwan defined contribution scheme was established under trust with the assets of the funds held separately from those of the Group by independent trustees.

(d) Macau

Eligible employees in Macau are covered by a government-mandated defined contribution plan pursuant to which a fixed amount of retirement benefit would be determined by the Macau Government. Contributions are generally made by both employees and employers by paying a fixed amount on a monthly basis to the Social Security Fund managed by the Macau Government. The Group funds the entire contribution and has no further commitments beyond its monthly contributions.

During the year ended 31 December 2020, total amounts contributed by the Group to the schemes in the PRC, Hong Kong and Taiwan and charged to profit or loss, which represent contributions payable to the schemes by the Group at rates specified in the rules of the schemes are approximately RMB227,345,000 (2019: RMB284,768,000).

30. RETIREMENT BENEFIT PLANS (Continued)

Defined Benefit Plan

A subsidiary of the Group in Taiwan also participates in a defined benefit retirement scheme for its eligible employees in Taiwan (the "Taiwan Scheme"). Under the Taiwan Scheme, the employees are entitled to retirement benefits calculated on the basis of the length of service and average monthly salaries before the attainment of a retirement age of 65. The employer contributes amounts equal to 2% of the employees' total monthly salary and no contribution is required from the employee. The assets of the Taiwan Schemes are held under a government-run trust separate from those of the Group. As at 31 December 2020, the directors of the Company assessed the present value of the defined benefits obligations based on an actuarial valuation of plan assets performed by an independent professionally qualified actuary using the projected unit credit method.

The plan in Taiwan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity instruments, debt instruments and real estates. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it is appropriate that a reasonable portion of the plan assets should be invested in equity instruments and in real estate to leverage the return generated by the fund.
Interest rate risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The main actuarial assumptions used were as follows:

	2020 **%**	2019 %
Discount rate	**0.50**	1.00
Expected rate of long-term salary increases	**4.00**	4.00

The actuarial valuation showed that the market value of plan assets at 31 December 2020 was approximately RMB1,693,000 (2019: RMB1,663,000) and that the actuarial value of these assets represented 135% (2019: 101%) of the benefits that had accrued to members.

30. RETIREMENT BENEFIT PLANS (Continued)

Defined Benefit Plan (Continued)

Amounts recognised in the consolidated statement of profit or loss and other comprehensive income in respect of these defined benefit plans are as follows:

	2020 RMB'000	2019 RMB'000
Current service cost	–	28
Interest expense on defined benefit obligation	16	17
Interest income on plan assets	(16)	(23)
Components of defined benefit costs recognised in profit or loss	–	22
Remeasurement of the net defined benefit liability:		
Actuarial losses arising from changes in financial assumptions	106	131
Actuarial (gains) losses arising from experience adjustments	(480)	262
Gain on plan assets	(51)	(46)
Income tax related to actuarial (gains) losses from remeasurement of defined benefit obligations	85	(69)
Components of defined benefit costs recognised in other comprehensive income	(340)	278
Total	(340)	300

The expense for the year has been included in salaries, bonus and pension expenses. The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of the plan is as follows:

	2020 RMB'000	2019 RMB'000
Fair value of plan assets	1,693	1,663
Present value of funded obligations	(1,255)	(1,646)
Net asset arising from defined benefit obligations	438	17

30. RETIREMENT BENEFIT PLANS (Continued)

Defined Benefit Plan (Continued)

Movements in the present value of the defined benefit obligations in the current year were as follows:

	2020 RMB'000	2019 RMB'000
At 1 January	1,646	1,155
Actuarial losses arising from changes in financial assumptions	106	131
Actuarial (gains) losses arising from experience adjustments	(480)	262
Current service cost	–	28
Benefits paid	(33)	–
Interest expense	16	17
Exchange differences	–	53
At 31 December	1,255	1,646

Movements in the fair value of the plan assets in the current year were as follows:

	2020 RMB'000	2019 RMB'000
At 1 January	1,663	1,543
Gain on plan assets (excluding interest income on plan assets)	51	46
Benefits paid	(33)	–
Interest income	16	23
Exchange differences	(4)	51
At 31 December	1,693	1,663

The fair value of the plan assets at the end of the Reporting Period for each category, are as follows:

	Fair value of plan assets	
	2020 RMB'000	2019 RMB'000
Bank deposits	211	271
Equity instruments	804	754
Debt instruments	499	476
Others	179	162
At 31 December	1,693	1,663

30. RETIREMENT BENEFIT PLANS (Continued)

Defined Benefit Plan (Continued)

During the year ended 31 December 2020, the actual return on plan assets was approximately RMB16,000 (2019: RMB23,000).

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of Reporting Period, while holding all other assumptions constant.

- If the discount rate is 25 basis points higher (lower), the defined benefit obligation would decrease by approximately RMB54,000 (increase by RMB56,000) (2019: decrease by approximately RMB70,000 (increase by RMB74,000)).

- If the expected salary growth increases (decreases) by 0.25%, the defined benefit obligation would increase by approximately RMB54,000 (decrease by RMB52,000) (2019: increase by approximately RMB71,000 (decrease by RMB68,000)).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the Reporting Period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity balance. The Group's overall strategy remained unchanged from prior year.

The capital structure of the Group consists of net debt, which includes amounts due to ultimate holding company and fellow subsidiaries disclosed in note 23, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and reserves.

32. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2020 RMB'000	2019 RMB'000
Financial assets		
Equity instruments at FVTOCI	9,705	9,705
Financial assets at FVTPL	90,459	133,292
Amortised cost	1,504,079	1,340,182
Financial liabilities		
Amortised cost	23,781	26,262
Lease liabilities	64,942	81,844

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amount to ultimate holding company, amounts due from (to) fellow subsidiaries, time deposits with original maturity over three months, restricted bank deposits, bank balances and cash, lease liabilities and trade and other payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

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 management monitors foreign exchange exposure and will consider hedging of significant foreign currency exposure should the need arise.

The carrying amounts of the group entities' foreign currency denominated monetary assets and monetary liabilities at the end of the Reporting Periods are as follows:

	Assets		Liabilities	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Inter-company balances				
US$	558,012	645,620	558,012	645,620

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis

The foreign currency financial liabilities denominated in US$ are arising from group entities with HK$ as functional currency. As HK$ is pegged to US$, the foreign currency exchange risk is considered to be limited. For the Company having significant US$ financial assets where RMB is the functional currency, it has exposure to the foreign currency exchange risk to US$.

The following table details the Group's sensitivity to a 5% (2019: 5%) increase in RMB against US$. 5% (2019: 5%) is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the Reporting Period for a 5% (2019: 5%) change in foreign currency rates. A negative number below indicates decrease in post-tax profit where RMB strengthens 5% (2019: 5%) against US$. For a 5% (2019: 5%) weakening of RMB against US$, there would be an equal and opposite impact on the result.

	2020 RMB'000	2019 RMB'000
Impact of US$ on profit/loss for the year	**(27,901)**	(32,281)

The directors of the Company considered the sensitivity analysis is unrepresentative of the inherent foreign exchange rate as the year-end exposure does not reflect the exposure during the relevant years.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate time deposits with original maturity over three months (see note 24 for details) and lease liabilities (see note 27 for details). The Group is also exposed to cash flow interest rate risk in relation to variable rate restricted bank deposits and bank balances (see note 24 for details).

Management has considered the Group's exposure to cash flow interest rate risk in relation to variable-rate restricted bank deposits and bank balances and fair value interest rate risk in relation to fixed-rate time deposits with original maturity over three months and lease liabilities to be limited because the current market interest rates are relatively low and stable.

The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risk

The Group is exposed to equity price risk through its unquoted investments measured at FVTPL and FVTOCI. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. Sensitivity analyses for equity instruments at FVTOCI, which are unquoted equity securities with fair value measurement categorised within Level 3, were disclosed in note 32c. For the financial assets at FVTPL which are unquoted investments with fair value measurement categorised within Level 2, if the prices of the respective investments had been 5% higher/lower, the post-tax profit for the year ended 31 December 2019 would increase/decrease by approximately RMB1,065,000 (2020: nil) as a result of the changes in fair value of unquoted investments at FVTPL.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, other receivables, amounts due from fellow subsidiaries, restricted bank deposits, time deposits with original maturity over three months and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Trade receivables

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts and sufficient allowance on doubtful debts are provided on timely manner. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, Hong Kong and Macau and Taiwan, which accounted for 58% (2019: 48%), 22% (2019: 27%) and 20% (2019: 25%) of the total trade receivables as at 31 December 2020, respectively. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the remaining trade receivables are grouped under a provision matrix based on different groups of customers which share common risk characteristics that are representative of the customers' ability to pay all amounts due in accordance with the contract terms, and individually for credit-impaired customers. Impairment of approximately RMB1,621,000 (2019: RMB1,664,000) is recognised during the year. Details of the quantitative disclosures are set out below in this note.

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables and amounts due from fellow subsidiaries

The directors of the Company have taken into account internal credit rating based on the historical default experience and credit quality and various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the other financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. For the purpose of impairment assessment, the ECL of these financial assets is measured under 12m ECL and considered to be immaterial as the counterparties to these `financial assets have a high credit rating.

Restricted bank deposits, time deposits with original maturity over three months and bank balances

Credit risk on restricted bank deposits, time deposits with original maturity over three months and bank balances is limited because the counterparties are banks and financial institutions with high credit ratings assigned by international credit rating agencies generally. The Group assessed 12m ECL for restricted bank deposits, time deposits with original maturity over three months and bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on restricted bank deposits, time deposits with original maturity over three months and bank balances is considered to be insignificant.

Other than the concentration of credit risk on restricted bank deposits, time deposits with original maturity over three months and bank balances placed in banks in which the counterparties are financially sound, the Group has no significant concentration of credit risk with exposure spread over a number of counterparties.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default, does not have any past-due amounts and usually settled within credit period	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor with past-due amounts and frequently repays after due dates	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources (with past-due amounts within 1 year)	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired (with past-due amounts over 1 year and no recent repayments)	Lifetime ECL – credit-impaired	Lifetime ECL – not credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount 2020 RMB'000	2019 RMB'000
Financial assets at amortised cost						
Trade receivables	*22*	N/A	*(Note 1)*	Lifetime ECL (provision matrix)	458,703	476,498
			Loss *(Note 1)*	Credit-impaired	1,465	1,533
					460,168	478,031
Other receivables	*22*	N/A	*(Note 2)*	12m ECL	68,454	31,811
Amounts due from fellow subsidiaries	*23*	N/A	*(Note 2)*	12m ECL	189	847
Restricted bank deposits	*24*	BBB+ to A+ (2019: BBB+ to A+)	N/A	12m ECL	9,143	25,718
Time deposits with original maturity over three months	*24*	A- (2019: A-)	N/A	12m ECL	291,303	5
Bank balances	*24*	BB+ to AAA (2019: BBB+ to AAA)	N/A	12m ECL	677,908	806,967
Total					1,507,165	1,343,379

Notes:

1. For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired, the Group determines the ECL on these items by using a provision matrix, grouped by internal credit rating.

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes: (Continued)

1. (Continued)

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL (not credit-impaired). Debtors with credit-impaired with gross carrying amounts of approximately RMB1,465,000 as at 31 December 2020 (2019: RMB1,533,000) were assessed individually.

	2020			2019		
	Average loss rate	Gross trade receivables RMB'000	ECL RMB'000	Average loss rate	Gross trade receivables RMB'000	ECL RMB'000
Assessed based on provision matrix						
Internal credit rating:						
Low risk	0.2%	440,702	973	0.2%	460,514	1,105
Watch list	3.6%	18,001	648	3.5%	15,984	559
		458,703	1,621		476,498	1,664
Assessed individually						
Loss	100%	1,465	1,465	100%	1,533	1,533
		460,168	3,086		478,031	3,197

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2019	1,310	3,297	4,607
Impairment losses reversed	(1,310)	(1,764)	(3,074)
Impairment loss recognised	1,664	–	1,664
As at 31 December 2019	1,664	1,533	3,197
Transfer to credit-impaired	(723)	723	–
Impairment losses reversed	(941)	(68)	(1,009)
Impairment loss recognised	1,621	–	1,621
Write-offs	–	(723)	(723)
As at 31 December 2020	1,621	1,465	3,086

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes: (Continued)

1. (Continued)
   All of the above impairment losses related to receivables arising from contracts with customers.

   During the year ended 31 December 2020, impairment loss of approximately RMB1,621,000 (2019: RMB1,664,000) was recognised for not-credit-impaired trade receivables and impairment allowance for trade receivables of approximately RMB1,009,000 (2019: RMB3,074,000) was reversed resulting from subsequent settlement. No impairment loss was recognised for credit-impaired trade receivables for both years.

2. For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

   As at 31 December 2020 and 2019, the balance is not past due and the internal credit rating is considered as low risk.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows of the Group.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity date for non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Repayable on demand or less than 1 year RMB'000	1-5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2020					
Non-derivative financial liabilities					
Trade and other payables	–	13,802	–	13,802	13,802
Amount due to ultimate holding company	–	9,135	–	9,135	9,135
Amounts due to fellow subsidiaries	–	844	–	844	844
Lease liabilities	4.61	31,348	38,282	69,630	64,942
		55,129	38,282	93,411	88,723

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Weighted average effective interest rate %	Repayable on demand or less than 1 year RMB'000	1-5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2019					
Non-derivative financial liabilities					
Trade and other payables	–	14,941	–	14,941	14,941
Amount due to ultimate holding company	–	10,372	–	10,372	10,372
Amounts due to fellow subsidiaries	–	949	–	949	949
Lease liabilities	4.16	35,357	53,529	88,886	81,844
		61,619	53,529	115,148	108,106

c. 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 categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

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

32. FINANCIAL INSTRUMENTS (Continued)

c. 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)

Financial assets	Fair value as at 31 December 2020 RMB'000	2019 RMB'000	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)	**90,459**	112,000	Level 3	Discounted cash flows – Future cash flows are estimated based on estimated return of which are determined by reference to the change in certain interest rates 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 RMB140,000 (2019: RMB118,000), vice versa.
Unlisted investment measured at financial assets at FVTPL (unlisted fund)	**-**	21,292	N/A (2019: Level 2)	N/A (2019: 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 years.

32. FINANCIAL INSTRUMENTS (Continued)

c. 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	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	112,000
Purchase of structured deposits	446,000
Redemption of structured deposits	(471,537)
Net gain on structured deposits	3,996
At 31 December 2020	90,459

	Unlisted investments classified as equity instruments at FVTOCI RMB'000
At 1 January 2019, 31 December 2019 and 31 December 2020	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 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.

32. FINANCIAL INSTRUMENTS (Continued)

c. 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 the banks or other relevant parties, if applicable. The finance department of the Company 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.

33. 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 certain restricted bank deposits and financial assets at FVTPL are pledged (note 24), as follows:

	2020 **RMB'000**	2019 RMB'000
Issued by the banks	**9,143**	81,718

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Accrued issue costs RMB'000	Amount due to ultimate holding company (non-trade nature) RMB'000	Amounts due to fellow subsidiaries (non-trade nature) RMB'000	Lease liabilities RMB'000	Dividends payables RMB'000	Total RMB'000
At 1 January 2019	1,992	9,068	1,731	70,985	–	83,776
Financing cash flows	(30,935)	(1,319)	(1,525)	(33,258)	(102,515)	(169,552)
Non-cash changes						
Issue costs accrued	28,943	–	–	–	–	28,943
Interest expense recognised *(note 8)*	–	–	–	2,480	–	2,480
Dividends declared	–	–	–	–	102,515	102,515
New leases entered	–	–	–	40,700	–	40,700
Exchange adjustments	–	153	5	937	–	1,095
At 31 December 2019	–	7,902	211	81,844	–	89,957
Financing cash flows	–	–	(211)	(34,387)	(55,545)	(90,143)
Non-cash changes						
Interest expense recognised *(note 8)*	–	–	–	3,975	–	3,975
Dividends declared	–	–	–	–	55,545	55,545
New leases entered	–	–	–	14,949	–	14,949
Exchange adjustments	–	(486)	–	(1,439)	–	(1,925)
At 31 December 2020	–	7,416	–	64,942	–	72,358

35. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group has entered into the following significant transactions with related parties:

	Nature of transaction	2020 RMB'000	2019 RMB'000
Ultimate holding company	Flexible staffing service expense	–	9
	License fee expense	7,622	9,174
	Information technology services expense	108	170
	Manpower Employment Outlook Survey license fee expense	90	95
Fellow subsidiaries	Flexible staffing service income	2,633	3,523
	Flexible staffing service expense	404	429
	Other HR services income	622	–
	Other HR services expense	72	–
	Project and management coordination services income	–	331
	Software licensing and maintenance services expense	368	489

Compensation of key management personnel

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

	2020 RMB'000	2019 RMB'000
Short-term employee benefits	10,307	8,707
Post-employment benefits	78	182
Equity-settled share-based payments	452	73
	10,837	8,962

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

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

General information of subsidiaries

Details of the subsidiaries directly and indirectly held by the Company at the end of the Reporting Period are set out below.

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid capital/ registered capital	Equity interest attributable to the Company 2020	2019	Principal activities
Directly held:					
ManpowerGroup Greater China (BVI) Limited	BVI 30 September 2014	HK$334,296,674	100%	100%	Investment holding
Indirectly held:					
萬寶盛華人力資源(中國)有限公司 ManpowerGroup (China) Human Resources Co., Ltd.*	Shanghai 18 March 2003	US$4,800,000	100%	100%	Human resource services
萬寶盛華企業管理諮詢(上海)有限公司 Manpower Enterprise Management Consulting (Shanghai) Co., Ltd.*	Shanghai 10 February 2012	RMB5,000,000	100%	100%	Human resource services
萬寶盛華信息科技(上海)有限公司 Manpower Information Technology (Shanghai) Co., Ltd.*	Shanghai 25 July 2014	RMB2,000,000	100%	100%	Human resource services
萬寶盛華睿信教育科技廣東有限公司 Manpower Ruixin Education Technology Guangdong Co., Ltd.*	Foshan 18 August 2016	RMB10,000,000	100%	100%	Career training
萬寶瑞華人才管理諮詢(上海)有限公司 Experis Management Consulting (Shanghai) Co., Ltd.*	Shanghai 22 May 2012	RMB5,000,000	100%	100%	Human resource services

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

General information of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid capital/ registered capital	Equity interest attributable to the Company 2020	2019	Principal activities
Indirectly held: (Continued)					
萬寶瑞華人才管理諮詢(北京)有限公司 Experis Management Consulting (Beijing) Co., Ltd.*	Beijing 12 January 2015	RMB500,000	100%	100%	Human resource services
Xi'an Fesco	Xi'an 29 May 1997	RMB2,000,000	60%	60%	Human resource services
睿仕管理諮詢(上海)有限公司 Right Management Consulting (Shanghai) Co., Ltd.*	Shanghai 20 January 2015	RMB5,000,000	100%	100%	Human resource services
萬寶瑞華人才管理諮詢(深圳)有限公司 Experis Management Consulting (Shenzhen) Co., Ltd.	Shenzhen 8 May 2019	RMB2,000,000	100%	100%	Human resource services
招才招單信息科技(上海)有限公司	Shanghai 17 January 2020	RMB10,000,000	100%	N/A	Consultancy services
萬寶簡斯(上海)智能科技有限公司 Jansis Intelligent Technology (Shanghai) Co., Ltd.*	Shanghai 6 March 2020	RMB5,000,000	100%	N/A	Consultancy services
ManpowerGroup Greater China (HK) Limited	Hong Kong 8 October 2014	HK$299,558,242	100%	100%	Investment holding
Manpower Services HK	Hong Kong 6 January 1997	HK$66,982,831	100%	100%	Human resource services

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

General information of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid capital/ registered capital	Equity interest attributable to the Company 2020	2019	Principal activities
Indirectly held: (Continued)					
ManpowerGroup Solutions Holdings Hong Kong Limited	Hong Kong 8 October 2014	HK$43,026,193	**60%**	60%	Investment holding
Legal Futures (HK) Limited	Hong Kong 20 September 2002	HK$10,000	**100%**	100%	Executive recruitment consultancy service
Event Elite	Hong Kong 12 July 2000	HK$14,286	**50.99%**	50.99%	Flexible staffing service
Manpower Services (Macau) Limited	Macau 26 July 2007	MOP300,000	**100%**	100%	Human resource services
Right Management Hong Kong Holdings Limited	Hong Kong 20 October 2014	HK$1	**100%**	100%	Out placement and leadership development services
Manpower Outsourcing Services (Macau) Limited	Macau 6 July 2017	MOP25,000	**100%**	100%	Human resource services
萬寶華企業管理顧問股份有限公司 Manpower Services (Taiwan) Co., Ltd.*	Taiwan 23 July 1997	Ordinary shares TWD10,000,000	**60%**	60%	Human resource services

* *For identification purposes only*

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of a non-wholly-owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2020	2019	**2020** RMB'000	2019 RMB'000	**2020** RMB'000	2019 RMB'000
ManpowerGroup Solutions Holdings Hong Kong Limited	Hong Kong and Taiwan	**40%**	40%	**7,621**	7,733	**45,426**	36,622
Individually immaterial subsidiaries with non-controlling interests				**(91)**	2,596	**19,787**	24,794
				7,530	10,329	**65,213**	61,416

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

ManpowerGroup Solutions Holdings Hong Kong Limited and its subsidiaries

	2020 RMB'000	2019 RMB'000
Current assets	**186,845**	185,497
Non-current assets	**10,363**	11,382
Current liabilities	**82,184**	100,890
Non-current liabilities	**1,459**	4,434
Equity attributable to owners of the Company	**68,139**	54,933
Non-controlling interests of ManpowerGroup Solutions Holdings Hong Kong Limited	**45,426**	36,622

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

ManpowerGroup Solutions Holdings Hong Kong Limited and its subsidiaries (Continued)

	2020 RMB'000	2019 RMB'000
Revenue	838,790	831,274
Expenses	819,738	811,941
Profit for the year	19,052	19,333
Profit attributable to owners of the Company	11,431	11,600
Profit attributable to the non-controlling interests of ManpowerGroup Solutions Holdings Hong Kong Limited	7,621	7,733
Profit for the year	19,052	19,333
Other comprehensive income attributable to owners of the Company	1,775	18
Other comprehensive income attributable to the non-controlling interests of ManpowerGroup Solutions Holdings Hong Kong Limited	1,183	14
Other comprehensive income for the year	2,958	32
Total comprehensive income attributable to owners of the Company	13,206	11,618
Total comprehensive income attributable to the non-controlling interests of ManpowerGroup Solutions Holdings Hong Kong Limited	8,804	7,747
Total comprehensive income for the year	22,010	19,365

	2020 RMB'000	2019 RMB'000
Dividends paid to non-controlling interests of ManpowerGroup Services Holdings Hong Kong Limited	–	10,058
Net cash inflow from operating activities	57,750	28,061
Net cash inflow from investing activities	14	23,262
Net cash outflow from financing activities	(20,115)	(28,530)
Net cash inflow	37,649	22,793

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	264,960	264,960
Amounts due from subsidiaries	558,012	645,620
	822,972	910,580
CURRENT ASSETS		
Prepayments and other receivables	405	1,535
Bank balances and cash	6,209	1,024
	6,614	2,559
CURRENT LIABILITIES		
Accruals	8,079	2,039
Amounts due to subsidiaries	17,915	17,977
	25,994	20,016
NET CURRENT LIABILITIES	(19,380)	(17,457)
NET ASSETS	803,592	893,123
CAPITAL AND RESERVES		
Share capital (see note 28)	1,830	1,830
Reserves	801,762	891,293
TOTAL EQUITY	803,592	893,123

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

	Share premium RMB'000	Share-based payments reserve RMB'000	(Accumulated losses) retained profits RMB'000	Total RMB'000
At 1 January 2019	483,560	–	(3,050)	480,510
Profit and total comprehensive income for the year	–	–	26,465	26,465
Recognition of equity-settled share-based payments	–	352	–	352
Dividends paid	(83,783)	–	–	(83,783)
Issue of shares under capitalisation issue	(1,196)	–	–	(1,196)
Issue of shares pursuant to initial public offering	435,940	–	–	435,940
Issue of shares upon over-allotment option exercised	66,244	–	–	66,244
Transaction costs attributable to issue of new shares	(33,239)	–	–	(33,239)
At 31 December 2019	867,526	352	23,415	891,293
Loss and total comprehensive expense for the year	–	–	(40,464)	(40,464)
Recognition of equity-settled share-based payments	–	2,117	–	2,117
Dividends paid	(51,184)	–	–	(51,184)
At 31 December 2020	816,342	2,469	(17,049)	801,762

38. EVENT AFTER THE REPORTING PERIOD

The Group has no significant events after the end of the Reporting Period.