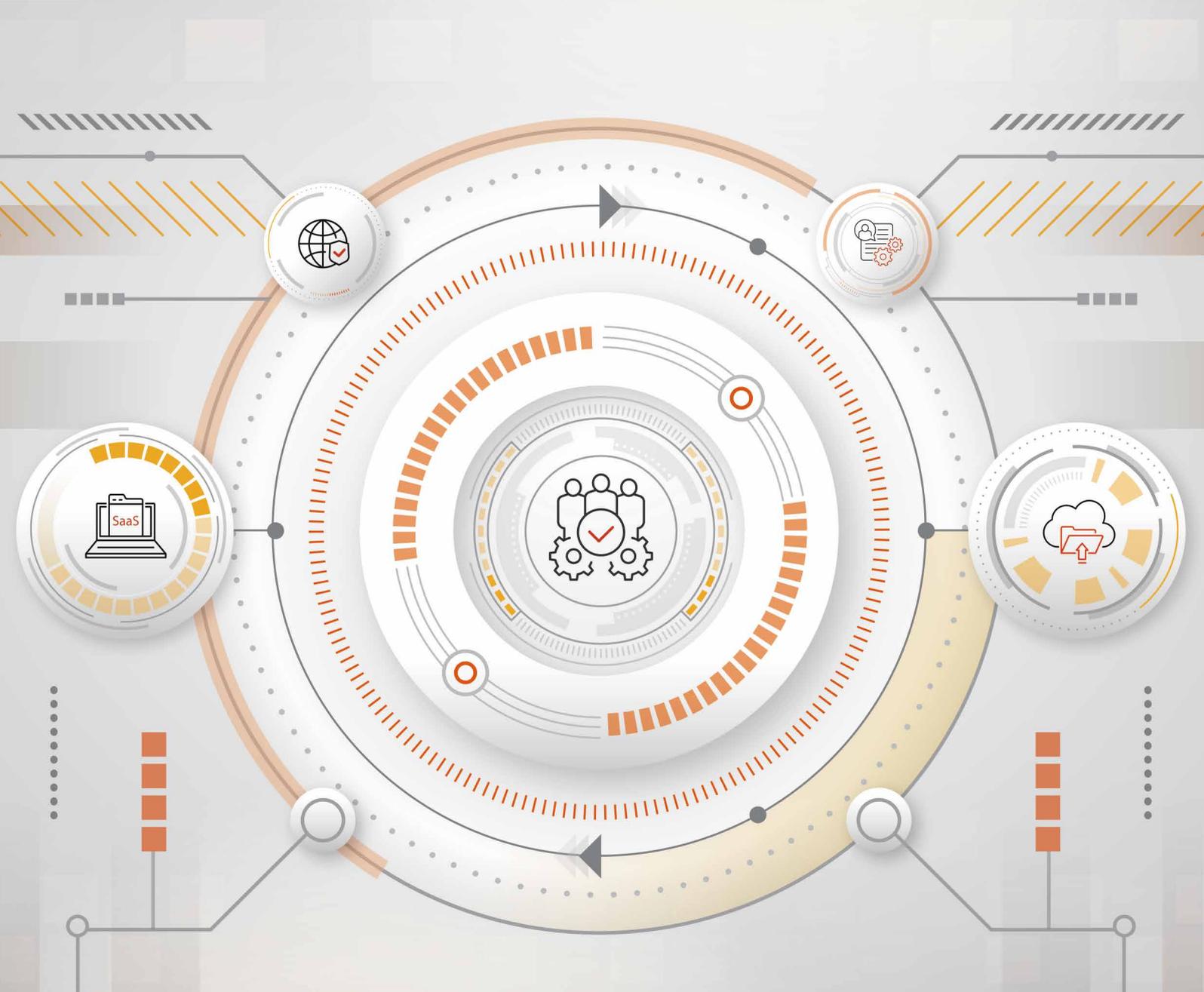




Renrui Human Resources Technology Holdings Limited  
人瑞人才科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6919



INTERIM REPORT  
2022





# Contents

Corporate Information	2
Financial Summary	4
Management Discussion and Analysis	6
Other Information	35
Definition	41
Condensed Consolidated Income Statement	44
Condensed Consolidated Statement of Comprehensive (Loss)/Income	45
Condensed Consolidated Balance Sheet	46
Condensed Consolidated Statement of Changes in Equity	48
Condensed Consolidated Statement of Cash Flows	50
Notes to the Condensed Consolidated Interim Financial Information	51

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Zhang Jianguo (*Chairman and Chief Executive Officer*)  
Mr. Zhang Feng  
Ms. Zhang Jianmei

### Non-executive Directors

Mr. Chen Rui  
Mr. Chow Siu Lui

### Independent Non-executive Directors

Ms. Chan Mei Bo Mabel  
Mr. Shen Hao  
Mr. Leung Ming Shu

## JOINT COMPANY SECRETARIES

Mr. Li Wenjia  
Ms. Siu Pui Wah

## AUTHORIZED REPRESENTATIVES

Mr. Zhang Feng  
Ms. Siu Pui Wah

## AUDIT COMMITTEE

Mr. Leung Ming Shu (*Chairman*)  
Mr. Chow Siu Lui  
Ms. Chan Mei Bo Mabel

## REMUNERATION COMMITTEE

Ms. Chan Mei Bo Mabel (*Chairlady*)  
Mr. Zhang Jianguo  
Mr. Shen Hao

## NOMINATION COMMITTEE

Mr. Zhang Jianguo (*Chairman*)  
Ms. Chan Mei Bo Mabel  
Mr. Shen Hao

## INVESTMENT AND COMPLIANCE COMMITTEE

Mr. Chow Siu Lui (*Chairman*)  
Mr. Zhang Jianguo  
Mr. Leung Ming Shu

## INDEPENDENT AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
22/F, Prince's Building  
Central  
Hong Kong

## HONG KONG LEGAL ADVISOR

Hogan Lovells  
11th Floor, One Pacific Place  
88 Queensway  
Hong Kong

## PRC LEGAL ADVISOR

Commerce & Finance Law Offices  
13th Floor  
China World Office 2  
No. 1 Jianguomenwai Avenue  
Beijing 100004, PRC



## Corporate Information

### INDUSTRY CONSULTANT

China Insights Industry Consultancy Limited  
10F, Block B  
Jing'an International Center  
88 Puji Road, Jing'an District  
Shanghai  
PRC

### CORPORATE HEADQUARTERS

No. 601, 602, 603, 6/F, Block 3  
No. 688 Mid-Section Tianfu Avenue  
Chengdu High-tech Zone  
Free Trade Pilot Zone  
Sichuan  
PRC

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

14/F, Golden Centre  
188 Des Voeux Road Central  
Hong Kong

### COMPANY WEBSITE

[www.renruihr.com](http://www.renruihr.com)

### STOCK CODE

6919

### REGISTERED OFFICE

Maples Corporate Services Limited  
PO Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

### PRINCIPAL SHARE REGISTRAR IN CAYMAN ISLANDS

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

### HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### PRINCIPAL BANKS

BNP Paribas Hong Kong Branch  
China Merchants Bank Co., Ltd., Shanghai, Baoshan Branch  
Bank of China Limited, Chengdu, Chenghua Branch

# Financial Summary

## CONDENSED CONSOLIDATED INCOME STATEMENT

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	1,733,889	2,128,315
Gross profit	65,745	156,411
Operating (loss)/profit	(29,619)	84,807
(Loss)/profit before income tax	(28,592)	87,108
(Loss)/profit for the period attributable to equity holders of the Company	(25,425)	74,884
(Loss)/earnings per share (expressed in RMB per share)		
– Basic (loss)/earnings per share	(0.17)	0.49
– Diluted (loss)/earnings per share	(0.17)	0.45
	(Unaudited)	(Unaudited)
Non-HKFRS measures		
Adjusted net (loss)/profit <sup>(1)</sup>	(22,372)	81,005

## CONDENSED CONSOLIDATED BALANCE SHEET

	30 June	31 December
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Audited)
Assets		
Non-current assets	529,050	340,291
Current assets	1,168,044	1,652,635
Total assets	1,697,094	1,992,926
Equity		
Total equity	1,238,287	1,277,732
Liabilities		
Non-current liabilities	42,570	57,551
Current liabilities	416,237	657,643
Total liabilities	458,807	715,194
Total equity and liabilities	1,697,094	1,992,926

# Financial Summary

## KEY FINANCIAL RATIOS

	For the six months ended 30 June	
	2022	2021
Gross margin (%)	3.8	7.3
Adjusted net margin (%) <sup>(2)</sup>	-1.3	3.8

	Six months ended 30 June 2022	Year ended 31 December 2021
	Adjusted trade and notes receivables turnover days (days) <sup>(3)</sup>	63

	30 June 2022	31 December 2021
	Adjusted current ratio (times) <sup>(4)</sup>	1.9

### Notes:

- (1) Adjusted net (loss)/profit refers to the net (loss)/profit excluding share-based payment expenses under the Post-IPO Share Option Scheme and Post-IPO Share Award Scheme. Adjusted net (loss)/profit is not a measure required by or presented in accordance with HKFRS. The use of this non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under HKFRS.
- (2) Adjusted net margin is calculated as the adjusted net (loss)/profit as a percentage of the revenue for the same period.
- (3) Calculated as the average balance of trade and notes receivables (excluding the labour costs arising from provision of labour dispatch services) at the beginning and end of a period divided by revenue in such period then multiplied by the number of days in such period.
- (4) Adjusted current ratio is calculated as the adjusted current assets divided by the current liabilities at the end of each financial period. The adjusted current assets is defined as the current assets excluding the Net Proceeds received and unutilised, where applicable.

# Management Discussion and Analysis

## BUSINESS REVIEW AND OUTLOOK

The first half of 2022 has been full of challenges. The formal expiry of the Cooperation Agreement with a major customer in mid-January, coupled with the resurgence of the COVID-19 pandemic in the PRC, has led to a decline in staffing demand from the clients and difficulty for the Group to effectively arrange recruitment and other business activities for the clients, which had an adverse impact on the profitability of the Group and caused a loss being recorded for the first half of the year.

Facing the ever-changing environment, we have been actively carrying out our development plan, implementing cost control measures and focusing on customer development in key strategic areas with a view to achieving long-term sustainable growth. With the rapid development of China's digital economy and accelerated digital transformation of enterprises, we will continue to explore more business opportunities and expand our business scale, in particular in information technology and digital talent services market with a higher gross margin. To this end, we have streamlined our internal organization structure, optimized resource allocation and lowered operating costs so as to lay an emphasis on the business growth of information technology and digital talents and improve solution service capabilities, and have made significant headway in the first half of 2022. For 2022 Interim Period, our revenue generated from provision of digital technology and cloud services under the comprehensive flexible staffing segment was approximately RMB111.4 million, representing an increase of approximately 332.9% as compared to that of 2021 Interim Period.

Looking ahead to the second half of the year, we will continue to invest in R&D and innovation and leverage our advantages in scale, efficiency and capabilities to serve more high-value clients by providing effective talent and technology solutions for customers' digital development, cost reduction and efficiency improvement. The Directors are positive about the long-term growth potential of the Group in the future.

## MARKET REVIEW

According to the National Bureau of Statistics, China's GDP increased by approximately 2.5% in the first half of 2022 as compared to the first half of 2021. According to CIC, in the first half of 2022, the human resources services market in China in terms of revenue grew by approximately 9.0%, of which the comprehensive flexible staffing services market in terms of revenue grew by approximately 12.2% as compared to the same period in 2021 and the number of comprehensive flexible staffing employees as at 30 June 2022 increased by approximately 7.2% as compared to 30 June 2021. According to CIC, the market size of the information technology and software outsourcing services in the PRC reached RMB295.66 billion in the first half of 2022, representing a year-on-year increase of approximately 8.0%.

### Actively implement cost control to embrace changes

In the first half of 2022, the revenue of the Group decreased by approximately 18.5% year-on-year to approximately RMB1,733.9 million, which was primarily attributable to the expiry of the Cooperation Agreement, leading to a drop in the number of comprehensive flexible staffing employees for the general service outsourcing business of the Group. Without taking into consideration revenue generated from the Cooperation Agreement, the Group's revenue would have increased by approximately 29.2% year-on-year to approximately RMB1,634.7 million for 2022 Interim Period.

In addition to the expiry of the Cooperation Agreement, the loss recorded by the Group for the first half of 2022 was also attributable to the decline in staffing demand from customers and the difficulty faced by the Group in effectively arranging recruitment and other business activities for the customers resulting from the resurgence of the COVID-19 pandemic in the PRC since the first half of this year. As such, the Group has adopted cost control measures, including closing and integrating the business of second-tier service locations in several cities to the regional service centers, so as to centrally manage recruitment and comprehensive flexible staffing services and reduce operating cost. Such measures are expected to support us to optimize the cost structure and improve our profitability in the future.

# Management Discussion and Analysis

## Continuously promote business upgrade and create digital talent competitiveness focusing on key strategic areas

In the first half of 2022, we made further significant headway in our digital-enabled professional services business, and revenue generated from digital technology and cloud services amounted to approximately RMB111.4 million, representing a year-on-year increase of 332.9%. The number of comprehensive flexible staffing employees for information technology and digital talent services increased from 231 as at 30 June 2021 to 1,214 as at 30 June 2022.

Meanwhile, with great development opportunities brought by digital transformation of enterprises, we have been reforming our organization structure based on the enterprise needs and characteristics of the digital talent industry to swiftly respond to the requirement of customers and market. We aim to achieve customer-focused service goal and provide flexible and effective human resources and information technology solutions for clients' digital development, cost reduction and efficiency improvement. The specific measures implemented by the Group since June this year include:

- setting up talent industry groups to better serve clients from various industries, with a focus on industries requiring a huge number of digital talents. Such key industries include new energy vehicles, financial institutions and banks, high-end manufacturing and others; and
- establishing a recruitment centre for digital talents to improve our insight into digital talent and digital capabilities, so as to provide clients with inter-disciplinary talents for their business development needs.

According to CIC, from 2018 to 2022, around 52% of workforce in China need reskilling, including digital skills. The demand of non-tech companies for digital talents has been increasing. According to CIC, in the first half of 2022, about one third of digital talents served in technology companies and the remaining thereof were in non-tech companies, such as manufacturing, financial and retail. Therefore, accurate matching of digital talents and enterprise digital transformation needs and deeply tapping into digital talent base and understanding of their capabilities will help us better satisfy customer needs, so as to achieve a long-term growth. We believe the increasing share of revenue generated from digital-enabled professional service will contribute to improving the Group's overall profit level.

## Focus on research and development and innovation to take a lead in service efficiency

By leveraging on the strength of "technology + professional services", the Group has obtained recognition and trust from customers. Our integrated HR technology platforms empower digital operation of enterprise organisation, employees and process to build our technology core competitiveness. In light of the needs for business development, we have initiated the self-development of an integrated management platform for digital operation and customer service business in the second half of 2021, which was put into operation since the first half of 2022. The platform realized full-process digital management for personnel, business and management in multiple respects, which could promote business management efficiency, reduce operating costs, and improve risk management and security. We have also developed an information security intelligent verification platform to provide customers with integrated solutions of intelligent and manual verification, realise technology productization and meet customers' needs for higher efficiency with lower costs. We have also been continuously upgrading the Xiang Recruitment Platform in order to reinforce the big data analysis and the efficiency of accurate match to provide better job-seeking experience for more candidates. For 2022 Interim Period, our research and development expenses amounted to approximately RMB13.3 million, representing a year-on-year increase of approximately 83.0%.

## Management Discussion and Analysis

Benefited from the continued investment in R&D, our per capita service efficiency ranks top in the industry. In the first half of 2022, per capita revenue of our employees reached approximately RMB1.71 million, higher than that of the industry average of approximately RMB1.50 million<sup>1</sup>; the turnover rate of our comprehensive flexible staffing employees was approximately 8.8%<sup>2</sup>, significantly lower than that of the industry average of 15%<sup>1</sup>.

In addition, we plan to complete the development of system management platform for digital technology and cloud services within 2022, whereby we can set up business processes and operational indicators based on characteristics of information technology and digital talent business to improve integrated service capabilities and establish competition barriers.

### Further optimize revenue structure driven by large-scale clients

Adhering to our strategy of focusing on serving large-scale clients, we recorded a revenue contribution of approximately 52.6% from our top ten clients for 2022 Interim Period, with the largest client accounting for approximately 13.8%, indicating the continuous optimisation of our client structure. We have also continued to enhance the value of our services to offer comprehensive and diversified services to our customers.

Our business relationships with our clients remained stable. As at 30 June 2022, we have cooperated with our top ten clients for an average of approximately 5.7 years.

In the first half of this year, we also further optimized the distribution of clients in the industry, focusing on key large-scale clients in various industries to reduce the operational risks associated with fluctuations in one single industry. As at 30 June 2022, customers from the internet, high technology and high-end manufacturing, financial and other industries accounted for 16%, 26%, 26% and 32%, respectively, of our total customers according to the distribution of our clients in the industry. Revenue from such industries accounted for 47%, 17%, 17% and 19%, respectively, of the total revenue. We believe that the establishment of talent industry groups to better serve clients from various industries will further enhance our capability in serving customers of diverse industries and facilitate the process of developing more customers from different industries, facilitating a broader market and the enhancement of the service value.

### Further expand our general service outsourcing business to maintain our industry-leading position

In the first half of 2022, revenue generated from our general service outsourcing business was approximately RMB1,461.4 million, representing a major portion of revenue generated from our comprehensive flexible staffing business, being approximately 86.2%, representing a year-on-year decrease of approximately 24.6%. Save for the revenue generated from the Cooperation Agreement, revenue from our general service outsourcing business increased by approximately 26.7% year-on-year, which was higher than the industry growth rate of approximately 13.0% according to CIC.

We will continue to maintain our strength, and leverage our capabilities of rapid mass recruitment and professional contract staff management to serve our clients more efficiently. We are actively extending our business to more clients with high value and trying to establish our recruitment capacity for a wider range of jobs, in order to diversify our clients and workforce to further increase our market share and consolidate our leading position in the industry.

Note 1: According to CIC

Note 2: Statistics do not include the data of the digital operation and customer service business

# Management Discussion and Analysis

## Awards and Recognitions

During the six months ended 30 June 2022, we received the following awards:

### January 2022



Renrui Human Resources Technology Holdings Limited was granted the Golden Hong Kong Stock Award: Best Large Consumption and Service Company by Zhitongcaijing

As filed with the Ministry of Human Resources and Social Security of Sichuan Province, Renrui Human Resources Group was granted the Integrity Demonstration Institute of Human Resource Industry in Sichuan by Sichuan Human Resources Services Consulting Association

### February 2022



Renrui Human Resources Group was granted the 2021 Integrity Service Award by Chengdu Human Resources Services Industrial Park

As filed with the Ministry of Human Resources and Social Security of Sichuan Province, Renrui Human Resources Group was granted the AAAAA-class Human Resources Service Provider in Sichuan by Sichuan Human Resources Services Consulting Association

Renrui Human Resources Group was granted the 2021 Outstanding Contribution Award by Chengdu Human Resources Services Industrial Park

### March 2022



As filed with the Ministry of Human Resources and Social Security of Sichuan Province, Renrui Human Resources Group was granted the Outstanding Core Enterprise in the Human Resources Industry in Sichuan by Sichuan Human Resources Services Consulting Association

### April 2022



Renrui Human Resources Group was included in the first batch of enterprises to establish science and technology association for enterprises and institutions by Science and Technology Association of Chengdu in 2022



# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 June 2022, the total revenue of the Group amounted to approximately RMB1,733.9 million, representing a decrease of approximately RMB394.4 million or approximately 18.5% as compared to that of approximately RMB2,128.3 million for the six months ended 30 June 2021. Such decrease was primarily due to the decrease in the revenue generated from comprehensive flexible staffing services resulting from the reduced number of employees for the Group's general service outsourcing business under the comprehensive flexible staffing services segment following the expiry of the Cooperation Agreement, which was partly offset by the Group's rapid growth in revenue from digital technology and cloud services.

The Group's revenue of each business segment for the six months ended 30 June 2022 is as follows:

	Six months ended 30 June			
	2022		2021	
	Revenue RMB'000	% to total revenue	Revenue RMB'000	% to total revenue
Comprehensive flexible staffing	1,695,163	97.8	2,069,867	97.2
Professional recruitment	29,275	1.7	47,996	2.3
Other human resources solutions	9,451	0.5	10,452	0.5
<b>Total</b>	<b>1,733,889</b>	<b>100.0</b>	<b>2,128,315</b>	<b>100.0</b>

Adhering to our strategy of focusing on serving large-scale clients, we recorded a revenue of approximately RMB681.3 million from our top five clients for the six months ended 30 June 2022, accounting for approximately 39.3% of the total revenue for 2022 Interim Period, with the largest client accounting for approximately 13.8% of the total revenue for 2022 Interim Period, indicating the continuous optimisation of our client structure and the reduction of risk associated with high concentration of single client.

### Comprehensive Flexible Staffing

The revenue generated from comprehensive flexible staffing services for the six months ended 30 June 2022 amounted to approximately RMB1,695.2 million, representing a decrease of approximately RMB374.7 million or approximately 18.1% as compared to that of approximately RMB2,069.9 million for the six months ended 30 June 2021. The decrease in the revenue generated from comprehensive flexible staffing was mainly due to the reasons as set out in the paragraph headed "FINANCIAL REVIEW - Revenue" in this interim report. The number of comprehensive flexible staffing employees decreased by approximately 36.2% from 45,244 as at 30 June 2021 to 28,873 as at 30 June 2022. In the first half of 2022, we placed 15,011 comprehensive flexible staffing employees, representing a decrease of 15,573 or approximately 50.9% from 30,584 comprehensive flexible staffing employees in the first half of 2021. The decrease in comprehensive flexible staffing employees was mainly due to the fact that: (i) the number of comprehensive flexible staffing employees decreased as a result of the expiry of the Cooperation Agreement, leading to a halt in the demand for the relevant recruitment; (ii) the decline in staffing demand from customers and the difficulty faced by the Group in arranging recruitment for the customers resulting from the resurgence of the COVID-19 pandemic since the beginning of 2022; and (iii) we have started to further develop digital technology and cloud services according to the strategic direction of the Group, of which the unit price and service fee premium per flexible employee is much higher than that of general service outsourcing, while the number of employees required per month by a single customer is lower than that of general service outsourcing. In the future, the Group will focus more on improving the overall revenue and gross margin level of the comprehensive flexible staffing business.

## Management Discussion and Analysis

As aforementioned, we have categorized our comprehensive flexible staffing services business into different types of services comprising general service outsourcing, digital technology and cloud services, and digital operation and customer services, in order to better allocate our resources to serve the diversified and evolving needs of our clients.

The following table sets forth our revenue by service type for the periods indicated:

	Six months ended 30 June			
	2022		2021	
	Revenue RMB'000	% to total revenue	Revenue RMB'000	% to total revenue
General service outsourcing	1,461,378	86.2	1,938,850	93.7
Digital technology and cloud services	111,442	6.6	25,745	1.2
Digital operation and customer services	122,343	7.2	105,272	5.1
<b>Total in comprehensive flexible staffing services</b>	<b>1,695,163</b>	<b>100.0</b>	<b>2,069,867</b>	<b>100.0</b>

In the first half of 2022, we made notable progress in provision of digital professional services, with revenue generated from digital technology and cloud services and digital operation and customer services increased from approximately 6.3% in the first half of 2021 to approximately 13.8% of the total revenue generated from comprehensive flexible staffing services in the first half of 2022.

Since the second half of 2021, the Group has undertaken business strategic upgrade with emphasis being laid on the development of digital technology and cloud services. As at 30 June 2022, the number of the employees for the Group's information technology and digital talent services reached approximately 1,214, representing an increase of approximately 983 from approximately 231 as at 30 June 2021, and the revenue generated from digital technology and cloud service was approximately RMB111.4 million, increased by approximately 332.9% as compared to that of the first half of 2021.

In addition, we have further enhanced the comprehensive flexible staffing business serving the banking and financial services industry. As at 30 June 2022, the Group's comprehensive flexible employees serving banks and financial institutions increased from 4,174 as at 31 December 2021 to 5,093, benefiting from our consistent implementation of sales strategy of customer diversification and accelerated access to the field through mergers and acquisitions.

### Professional Recruitment

For the six months ended 30 June 2022, revenue from professional recruitment amounted to approximately RMB29.3 million, representing a decrease of approximately 39.0% as compared to approximately RMB48.0 million for the six months ended 30 June 2021. The decrease in the revenue generated from professional recruitment in the first half of 2022 was mainly because the development of the Group's recruitment business was affected by the resurgence of COVID-19 pandemic since early 2022, which has rendered customers more cautious in expanding staff and the resultant decline in staffing demand. We have placed 8,615 employees for our customers in the first half of 2022, representing a decrease of approximately 60.9% compared to the 22,018 employees we placed in the first half of 2021. Although the overall revenue from professional recruitment and the number of recruitments made decreased in the first half of 2022 as compared to the first half of 2021, the Group's revenue from professional recruitment for information technology and digital talents amounted to approximately RMB8.1 million, representing an increase of approximately 179.3% from approximately RMB2.9 million for the six months ended 30 June 2021. This reflects the huge demand in the information technology and digital talent services market. Our professional recruitment has gradually expanded from serving customers requiring continuous bulk employment for general positions to those holding professional positions with higher unit price, further expanding the breadth of the talent pool and improving the precision of candidate matching, and establishing our competition barriers. As a result, the average unit price of our professional recruitment services has increased from approximately RMB2,142.2 per person in the first half of 2021 to approximately RMB3,398.2 per person in the first half of 2022.

## Management Discussion and Analysis

### **Other HR Solutions**

#### *Corporate Training*

We provide training and development courses which are tailored to the specific situations and needs of our clients. The resurgence of the COVID-19 pandemic have made it difficult for the Group to centralize customers' employees to provide offline training services. Accordingly, no corporate training revenue was generated from corporate training for the six months ended 30 June 2022.

#### *Labour Dispatch Services*

Being different from comprehensive flexible staffing services where the labour contract arrangement and labour relations are between us and the contract employee, our labour dispatch services involve a tripartite legal relationship among the contract employees, our clients and us, in which the client has a legal relationship with the contract employees while we only charge a moderate service fee for administrative matters. Compared to comprehensive flexible staffing services, labour dispatch services are of lower value and are not our principal business for future development. For the six months ended 30 June 2022, the total revenue generated from labour dispatch services amounted to approximately RMB2.3 million, representing a decrease of approximately RMB0.3 million as compared to that of approximately RMB2.6 million for the six months ended 30 June 2021.

#### *Other Miscellaneous Services*

Other miscellaneous services include HR services consultation, talent assessment and tailor-made employee management solutions. We are engaged, generally for a term of one year, to design and implement training programs, management and dispute resolution policies, daily management proposals and employee work plans on specific projects. For the six months ended 30 June 2022, the revenue generated from other miscellaneous services amounted to approximately RMB7.2 million, representing an increase of approximately RMB0.3 million or approximately 4.3% as compared to the total amount of approximately RMB6.9 million for the six months ended 30 June 2021.

### **Cost**

Our cost primarily comprise employee benefit expenses, traveling expenses, subcontracting costs, other taxes and surcharges and others, which mainly comprise depreciation and amortisation, interview related communication costs, and rental and property management fees.

For the six months ended 30 June 2022, the Group's total cost amounted to approximately RMB1,668.1 million, representing a decrease of approximately RMB303.8 million or approximately 15.4% as compared to that of approximately RMB1,971.9 million for the six months ended 30 June 2021. The decrease in costs was mainly attributable to a decrease in employee benefit expenses of approximately RMB303.2 million due to the reduction in the number of comprehensive flexible employees.

We source certain services from third-party suppliers and service providers, which mainly include social insurance and housing provident fund processing agents, call center and technical support for flexible staffing services, transportation services, other HR solutions providers for candidate sourcing, and subcontractors for comprehensive flexible staffing services. For the six months ended 30 June 2022, the amount of purchases from our five largest suppliers accounted for approximately 5.3% of our total cost of revenue. All our subcontractors are independent third parties, and we are not overly dependent on any subcontractor.

# Management Discussion and Analysis

## Gross Profit and Gross Profit Margin

The change in our overall gross profit margin was affected by our business mix. The table below sets forth a breakdown of our gross profit and gross profit margin by business segments for the periods indicated:

	Six months ended 30 June			
	2022		2021	
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%
Comprehensive flexible staffing	52,588	3.1	130,873	6.3
Professional recruitment	6,847	23.4	17,223	35.9
Other HR solutions	6,310	66.8	8,315	79.6
<b>Total</b>	<b>65,745</b>	<b>3.8</b>	<b>156,411</b>	<b>7.3</b>

Our gross profit margin for the six months ended 30 June 2022 was approximately 3.8%, representing a decrease of approximately 3.5% from approximately 7.3% for the six months ended 30 June 2021, which was mainly due to the reasons below:

- (a) The gross profit margin of comprehensive flexible staffing services decreased from approximately 6.3% for the first half of 2021 to approximately 3.1% for the first half of 2022, which was mainly due to the fact that: (i) the fees charged for the comprehensive flexible staffing services of the information auditing and customer service for the first half of 2021 under the Cooperation Agreement which has been terminated in mid-January had a relatively higher premium; (ii) affected by the resurgence of the COVID-19 pandemic, digital operation and customer service business failed to grow as expected. The Xi'an Service Center (西安服務中心), which was completed and put into use in 2021, had a high vacancy rate, and the cost of idling led to a decline in gross profit margin; and (iii) approximately RMB5.0 million of one-off expenses was incurred by the adjustment of organizational structure under the cost reduction and efficiency enhancement measures implemented by the Group in the first half of 2022. The cost reduction and efficiency enhancement measures involve: closing seven second-tier service locations in Hangzhou, Ningbo, Hefei, Zhengzhou, Jinan, Chongqing and Changsha, and integrating the businesses operated by the said locations into the regional centers for operation. Such measures could help realize centralized management of recruitment and comprehensive flexible staffing service teams, streamline organization and optimize resource allocation, thereby focusing on serving high-value customers and reducing operating costs.
- (b) The gross profit margin of professional recruitment services decreased from approximately 35.9% in the first half of 2021 to approximately 23.4% in the first half of 2022, which was mainly due to the decline of the recruitment needs of the customers in light of the resurgence of the COVID-19 pandemic. Since the beginning of 2022, a number of cities in China have implemented pandemic prevention and control measures, which have made it difficult for the Group to effectively arrange recruitment for customers, and also customers have become more cautious in expanding staff, leading to a fall in the recruitment need. However, due to the fact that the fixed costs such as the rent of the long-term leased office for the purpose of developing professional recruitment services and the wages for advisors and other internal employees remain unchanged, the gross profit margin of our professional recruitment services has declined.
- (c) The gross profit margin of other HR solutions (comprising corporate training services, labour dispatch services and other miscellaneous services) decreased from approximately 79.6% in the first half of 2021 to approximately 66.8% in the first half of 2022, which was mainly due to the fact that (i) the gross profit margin of labour dispatch services decreased; and (ii) as affected by the resurgence of the COVID-19 pandemic, no corporate training service income was recorded in the first half of 2022 while the costs associated with the training lecturers remained unchanged.

## Management Discussion and Analysis

### Selling and Marketing Expenses

Our selling and marketing expenses primarily comprise employee benefit expenses, marketing and promotion expenses, travelling and entertainment expenses and others (which mainly comprise depreciation and amortisation, utilities and office expenses and rental and property management fees).

Our selling and marketing expenses for the six months ended 30 June 2022 amounted to approximately RMB24.4 million, representing a decrease of approximately RMB15.6 million or 39.0% as compared to that of approximately RMB40.0 million for the six months ended 30 June 2021. This was mainly due to the fact that firstly, (i) customers have reduced their recruitment needs due to the impact of the resurgence of the COVID-19 pandemic in the first half of 2022 compared to the trend of making investment in expanding the pool of potential candidates in the first half of 2021, resulting in a corresponding decrease in the marketing expenses of the Group for attracting job seekers; and (ii) in the first half of 2022, our professional recruitment has gradually expanded from serving customers simply requiring continuous bulk employment for general positions to those holding professional positions with higher unit price. Recruitment is more accurate, thereby reducing the marketing expenses spent on attracting job applicants. The above two reasons resulted in a decrease of approximately RMB14.8 million in marketing expenses compared to the first half of 2021. Secondly, affected by the resurgence of the COVID-19 pandemic, sales staff were confined to working remotely or communicating online with customers. As a result, business trips and customer visits by sales staff decreased, and the corresponding travel and entertainment expenses decreased by approximately RMB1.1 million as compared to the first half of 2021. Our selling and marketing expenses as a percentage of income decreased from approximately 1.9% for the six months ended 30 June 2021 to approximately 1.4% for the six months ended 30 June 2022.

### R&D Expenses

Our R&D expenses primarily comprise employee benefit expenses, utilities and office expenses, depreciation and amortisation and other expenses incurred in connection with the R&D of our platform, software and technologies.

The R&D expenses for the six months ended 30 June 2022 amounted to approximately RMB13.3 million, representing an increase of approximately RMB6.1 million or approximately 84.7% as compared to that of approximately RMB7.2 million for the six months ended 30 June 2021. We further increased R&D investment and improved efficiency through systematic management when reducing costs for better operation. Accordingly, in the first half of 2022, we (i) continuously upgraded the Xiang Recruitment Platform to locate more job applicants; (ii) completed the R&D of integrated management platform for digital operation and customer service business and began to use the system to manage work including customer service, information verification, labeling and annotating services provided for customers in our self-built service centers; and (iii) developed an information security intelligent verification platform to serve the needs of small and medium-sized Internet self-media companies and social media for the integrated information verification, by which and our current service experience in providing customers with manual information verification in various service centers across the country, we can realize the integrated information verification service that combines machine auditing and manual verification for small and medium-sized customers and help customers reduce their expenditure on information auditing. Therefore, the increase in R&D expenses for 2022 Interim Period compared to that for 2021 Interim Period is mainly due to the increased benefit expenses for R&D employees by approximately RMB4.8 million. Our R&D expenses as a percentage of revenue increased from approximately 0.3% for the six months ended 30 June 2021 to approximately 0.8% for the six months ended 30 June 2022.

# Management Discussion and Analysis

## Administrative Expenses

Our administrative expenses primarily comprise employee benefit expenses, depreciation and amortisation, professional service fees and other expenses.

Our administrative expenses for the six months ended 30 June 2022 amounted to approximately RMB57.6 million, representing an increase of approximately RMB10.4 million or approximately 22.0% as compared to that of approximately RMB47.2 million for the six months ended 30 June 2021, which was due to the fact that (i) the employee benefit expenses for our management personnel increased by approximately RMB2.5 million as compared to that of approximately RMB22.8 million in the first half of 2021 as a result of the increase in the salary of management members in the second half of 2021; and (ii) in order to accelerate the strategic development of digital technology and cloud services, we continued to promote strategic investment and cooperation opportunities in the first half of 2022, resulting in an increase of approximately RMB6.8 million in professional service fees compared to the first half of 2021. Our administrative expenses as a percentage of revenue increased from approximately 2.2% for the six months ended 30 June 2021 to approximately 3.3% for the six months ended 30 June 2022.

## HR

As at 30 June 2022, we had a total of 32,265 employees based in various cities in the PRC, among which we had 870 internal employees. The average age of our internal employees was less than 29 years old, and approximately 99.1% of our internal employees had a university degree or above. Young employees can provide more energy and motivation to our entire team, and their solid education background enables us to provide clients with more professional HR services. The table below sets forth the total number of employees by function as at 30 June 2022:

Functions	Number of Employees	% of total Employees
<b>Internal Employees</b>		
– Senior management	5	0.0
– R&D	45	0.1
– Sales and marketing	104	0.3
– Project management/execution	609	1.9
– Others <i>(Note)</i>	107	0.3
<b>Subtotal</b>	<b>870</b>	<b>2.7</b>
<b>Contract Employees</b>		
– Comprehensive flexible staffing employees	28,873	89.5
– Labour dispatch employees	2,522	7.8
<b>Subtotal</b>	<b>31,395</b>	<b>97.3</b>
<b>Total</b>	<b>32,265</b>	<b>100.0</b>

*Note:* Others mainly include back-office support staff, such as legal department, finance department, HR department and joint venture cooperation department.

## Management Discussion and Analysis

The Group offers competitive remuneration packages to its internal employees, which are determined in accordance with the relevant laws and regulations in the places where the Group operates and the individual qualifications, experience and performance of the employees concerned, as well as market salary levels. For the six months ended 30 June 2022, the Group's labour costs amounted to approximately RMB1,658.7 million, of which internal labour costs amounted to approximately RMB117.3 million, representing a decrease of approximately RMB4.8 million or approximately 3.9% as compared to that in the first half of 2021. This was mainly due to the cost reduction measures implemented by the Group for efficient operation in the first half of 2022, which effectively controlled the increase in internal staff costs. Despite the various measures we implemented to reduce costs and increase efficiency amid the resurgence of the COVID-19 pandemic and the expiry of the Cooperation Agreement, the Group granted share options to internal employees in June 2022, with the largest coverage and the greatest incentives since the Company's initial public offering, for the purpose of motivating internal employees to keep their spirit of hard work during the strategic upgrade that the Group is undergoing and strive together with the Group through the hardest times toward the achievement of business development goal. A total of 11,350,000 share options were granted to five directors and 199 internal employees on 17 June 2022, resulting in share-based payment expenses of approximately RMB2.2 million. For details, please refer to the announcement of the Company dated 17 June 2022.

### Pre-IPO Share Option Schemes

Pursuant to the two pre-IPO share option schemes adopted by the Company on 12 March 2019 (namely, the mid-senior level management pre-IPO share option scheme and the non-managerial employee pre-IPO share option scheme, collectively, the "**Pre-IPO Share Option Schemes**"), as at 30 June 2022, options to subscribe for an aggregate of 17,674,100 Shares (representing approximately 11.3% of the total issued Shares of the Company) under the Pre-IPO Share Option Schemes remained outstanding. During the six months ended 30 June 2022, 156,600 of the options granted under the Pre-IPO Share Option Schemes had been exercised, and 1,792,700 options had lapsed or forfeited in accordance with the terms of the Pre-IPO Share Option Schemes. No option was cancelled under the Pre-IPO Share Option Schemes for the six months ended 30 June 2022. No further options shall be granted under the Pre-IPO Share Option Schemes after the Listing Date. Therefore, no option was granted under the Pre-IPO Share Option Schemes for the six months ended 30 June 2022.

# Management Discussion and Analysis

Details of movements in the share options granted under the Pre-IPO Share Option Schemes during the six months ended 30 June 2022 are as follows:

Category and name of grantee	Date of grant of share options	Number of share options				Outstanding as at 30 June 2022	Vesting period of share options	Exercise price of share options
		Outstanding as at 1 January 2022	Granted during the period ended 30 June 2022	Exercised during the period ended 30 June 2022	Lapsed/ Forfeited during the period ended 30 June 2022			
<b>Executive Directors</b>								
Mr. Zhang Feng	31 January 2013 and 20 February 2013	455,800	—	—	—	455,800 <i>(Note 2)</i>	One-fourth of options vested on the day immediately following the expiry of a period of 6 months, 12 months, 18 months and 24 months after the Listing Date, respectively	USD0.1111
Ms. Zhang Jianmei	31 January 2013, 20 February 2013 and 16 October 2018	928,800	—	—	—	928,800 <i>(Note 2)</i>	One-fourth of options vested on the day immediately following the expiry of a period of 6 months, 12 months, 18 months and 24 months after the Listing Date, respectively	USD0.1111 - USD0.88
<b>Other management members and employees of our Group</b>								
In aggregate	31 January 2013 – 31 July 2019	15,487,300	—	—	(1,792,700)	13,694,600 <i>(Note 2)</i>	Mid-senior level management: one-fourth of options vested on the day immediately following the expiry of a period of 6 months, 12 months, 18 months and 24 months after the Listing Date, respectively  Non-managerial employee: one-third of options vested on the day immediately following the expiry of a period of 6 months, 12 months and 18 months after the Listing Date, respectively	USD0.1111 - USD2.80
<b>Other participants <i>(Note 1)</i></b>								
In aggregate	31 January 2013 – 5 November 2018	2,751,500	—	(156,600) <i>(Note 3)</i>	—	2,594,900 <i>(Note 2)</i>	Mid-senior level management: one-fourth of options vested on the day immediately following the expiry of a period of 6 months, 12 months, 18 months and 24 months after the Listing Date, respectively  Non-managerial employee: one-third of options vested on the day immediately following the expiry of a period of 6 months, 12 months and 18 months after the Listing Date, respectively	USD0.1111 - USD0.88
<b>Total</b>		<b>19,623,400</b>	<b>—</b>	<b>(156,600)</b>	<b>(1,792,700)</b>	<b>17,674,100</b>		

*Note 1:* They include former mid-senior level management members, former non-managerial employees of our Group and consultants.

*Note 2:* Exercise period of the outstanding options is eight years from the adoption date of the Pre-IPO Share Option Schemes, subject to the vesting period and shall only commence after the Listing Date.

*Note 3:* Such options were exercised on 27 January 2022 at an exercise price of USD0.1111 (equivalent to approximately HK\$0.87) per Share. The closing price of the Shares immediately before the date on which the options were exercised, being 26 January 2022, was HK\$8.51.

# Management Discussion and Analysis

## Post-IPO Share Option Scheme

Details of movements in the share options granted under the Post-IPO Share Option Scheme during the year ended 31 December 2021 are as follows:

Category and name of grantee	Date of grant of share options	Number of share options				Outstanding as at 31 December 2021	Vesting period of share options	Exercise price of share options
		Outstanding as at 1 January 2021	Granted during the year ended 31 December 2021	Exercised during the year ended 31 December 2021	Lapsed/ Forfeited during the year ended 31 December 2021			
<b>Executive Directors</b>								
Mr. Zhang Feng	29 October 2020	120,000	—	—	—	120,000	The options shall be vested (i) on the day immediately following the expiry of a period of 18 months after the date of grant, and (ii) upon the fulfilment of the performance targets for the year ended 31 December 2021 (Note 1)	HK\$30
Ms. Zhang Jianmei	29 October 2020	120,000	—	—	—	120,000	The options shall be vested (i) on the day immediately following the expiry of a period of 18 months after the date of grant, and (ii) upon the fulfilment of the performance targets for the year ended 31 December 2021 (Note 1)	HK\$30
Mr. Zhang Jianguo	29 October 2020	150,000	—	—	—	150,000	The options shall be vested (i) on the day immediately following the expiry of a period of 18 months after the date of grant, and (ii) upon the fulfilment of the performance targets for the year ended 31 December 2021 (Note 1)	HK\$30
<b>Non-executive Director</b>								
Mr. Chow Siu Lui	22 January 2021	—	40,000	—	—	40,000	(i) half (1/2) of the options shall be vested on the day immediately following the expiry of a period of 4 months after the date of grant; and (ii) another half (1/2) of the options shall be vested on the day immediately following the expiry of a period of 16 months after the date of grant	HK\$27.3
<b>Independent non-executive Directors</b>								
Ms. Chan Mei Bo Mabel	22 January 2021	—	40,000	—	—	40,000	(i) half (1/2) of the options shall be vested on the day immediately following the expiry of a period of 4 months after the date of grant; and (ii) another half (1/2) of the options shall be vested on the day immediately following the expiry of a period of 16 months after the date of grant	HK\$27.3
Mr. Shen Hao	22 January 2021	—	40,000	—	—	40,000	(i) half (1/2) of the options shall be vested on the day immediately following the expiry of a period of 4 months after the date of grant; and (ii) another half (1/2) of the options shall be vested on the day immediately following the expiry of a period of 16 months after the date of grant	HK\$27.3
Mr. Leung Ming Shu	22 January 2021	—	40,000	—	—	40,000	(i) half (1/2) of the options shall be vested on the day immediately following the expiry of a period of 4 months after the date of grant; and (ii) another half (1/2) of the options shall be vested on the day immediately following the expiry of a period of 16 months after the date of grant	HK\$27.3

## Management Discussion and Analysis

Category and name of grantee	Date of grant of share options	Number of share options				Outstanding as at 31 December 2021	Vesting period of share options	Exercise price of share options
		Outstanding as at 1 January 2021	Granted during the year ended 31 December 2021	Exercised during the year ended 31 December 2021	Lapsed/ Forfeited during the year ended 31 December 2021			
Other management members and employees of our Group In aggregate	22 January 2021	—	2,400,000	—	—	2,400,000	(i) one-third (1/3) of the options shall be vested on the day immediately following the expiry of a period of 16 months after the date of grant; (ii) another one-third (1/3) of the options shall be vested on the day immediately following the expiry of a period of 28 months after the date of grant; and (iii) another one-third (1/3) of the options shall be vested on the day immediately following the expiry of a period of 40 months after the date of grant ( <i>Note 2</i> )	HK\$27.3
	16 July 2021	—	1,830,000	—	(20,000)	1,810,000	(i) one-third (1/3) of the options shall be vested on the day immediately following the expiry of a period of 12 months after the date of grant; (ii) another one-third (1/3) of the options shall be vested on the day immediately following the expiry of a period of 24 months after the date of grant; and (iii) another one-third (1/3) of the options shall be vested on the day immediately following the expiry of a period of 36 months after the date of grant	HK\$10.668
Total		390,000	4,390,000	—	(20,000)	4,760,000		

The above table sets out movements in the share options during the year ended 31 December 2021 under the Post-IPO Share Option Scheme, and has not taken into account the fulfilment of the vesting conditions in relation to performance targets measured by the Group's results for the year ended 31 December 2021 (if any) (the "Vesting Conditions") as detailed in Note 1 and Note 2 below, which information was not yet available as at 31 December 2021. If the fulfilment of the Vesting Conditions had been taken into account, additional 2,232,000 share options would lapse due to failure to meet the Vesting Conditions, as set out in Note 16(b) to the audited consolidated financial statements of the Company contained in the Company's 2021 annual report published on 28 April 2022. Such lapse of additional 2,232,000 share options are reflected in the total number of share options lapsed during the six months ended 30 June 2022 under the Post-IPO Share Option Scheme as set out in the table below.

## Management Discussion and Analysis

### Note 1:

The vesting of the options is conditional upon the fulfilment of the following performance targets:

Adjusted net profit* of the Group for the year ended 31 December 2021	Number of Shares entitled upon exercise of options in full		
	Zhang Jianguo	Zhang Feng	Zhang Jianmei
Less than RMB250 million	Nil	Nil	Nil
RMB250 million or above and less than RMB260 million	100,000	70,000	70,000
RMB260 million or above	150,000	120,000	120,000

### Note 2:

The entitlement of the options to the employees of the Group is conditional upon the fulfilment of the performance targets which comprises (a) the adjusted net profit of the Group as follow:

Adjusted net profit* of the Group for the year ended 31 December 2021	Number of Shares entitled upon
	exercise of options in full
Less than RMB250 million	60% of the maximum number of Shares
RMB250 million to RMB260 million	80% of the maximum number of Shares
More than RMB260 million	100% of the maximum number of Shares

and/or (b) other individual targets such as the service premium charged on cash basis, the flexible staffing service premium, the number of BPO seats and the number of flexible staffing employees deployed to the information technology industry.

\* Adjusted net profit refers to the net profit for the year excluding share-based payment expenses.

### Note 3:

For options granted on 22 January 2021, the exercise period was from 22 January 2021 to 21 January 2031. For options granted on 16 July 2021, the exercise period was from 16 July 2021 to 15 July 2031.

### Note 4:

For options granted on 22 January 2021, the closing price of the Shares immediately before the date on which the options were exercised, being 21 January 2021, was HK\$28.35. For options granted on 16 July 2021, the closing price of the Shares immediately before the date on which the options were exercised, being 15 July 2021, was HK\$10.68.

Pursuant to the Post-IPO Share Option Scheme, as at 30 June 2022, options to subscribe for an aggregate of 13,418,000 Shares (representing approximately 8.6% of the total issued Shares of the Company) under the Post-IPO Share Option Scheme remained outstanding. During the six months ended 30 June 2022, 11,350,000 options had been granted, 2,692,000 options had lapsed or forfeited in accordance with the terms of the Post-IPO Share Option Scheme, while no option had been exercised nor cancelled under the Post-IPO Share Option Scheme.

## Management Discussion and Analysis

Please refer to Note 8 to the condensed consolidated interim financial information for the six months ended 30 June 2022 contained in this interim report for fair value of the share options granted under the Post-IPO Share Option Scheme for the six months ended 30 June 2022, which were calculated using the Binomial option-pricing model as at the date of grant. Given the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of Binomial model itself, the fair value calculated using Binomial model are subject to certain fundamental limitations.

Details of movements in the share options granted under the Post-IPO Share Option Scheme during the six months ended 30 June 2022 are as follows:

Category and name of grantee	Date of grant of share options	Number of share options				Outstanding as at 30 June 2022	Vesting period of share options	Exercise price of share options
		Outstanding as at 1 January 2022	Granted during the period ended 30 June 2022	Exercised during the period ended 30 June 2022	Lapsed/ Forfeited during the period ended 30 June 2022			
<b>Executive Directors</b>								
Mr. Zhang Feng	29 October 2020	120,000	–	–	(120,000)	–	The options shall be vested (i) on the day immediately following the expiry of a period of 18 months after the Date of Grant, and (ii) upon the fulfilment of the performance targets for the year ended 31 December 2021 (Note 1)	HK\$30
Ms. Zhang Jianmei	29 October 2020	120,000	–	–	(120,000)	–	The options shall be vested (i) on the day immediately following the expiry of a period of 18 months after the Date of Grant, and (ii) upon the fulfilment of the performance targets for the year ended 31 December 2021 (Note 1)	HK\$30
Mr. Zhang Jianguo	29 October 2020	150,000	–	–	(150,000)	–	The options shall be vested (i) on the day immediately following the expiry of a period of 18 months after the Date of Grant, and (ii) upon the fulfilment of the performance targets for the year ended 31 December 2021 (Note 1)	HK\$30
<b>Non-executive Director</b>								
Mr. Chow Siu Lui	22 January 2021	40,000	–	–	–	40,000	For options granted on 22 January 2021, (i) half (1/2) of the options shall be vested on the day immediately following the expiry of a period of 4 months after the Date of Grant; and (ii) another half (1/2) of the options shall be vested on the day immediately following the expiry of a period of 16 months after the Date of Grant	HK\$27.3
	17 June 2022	–	40,000	–	–	40,000	The options granted on 17 June 2022 shall be vested on the day immediately following the expiry of a period of 12 months after the Date of Grant	HK\$5.99
Mr. Chen Rui	17 June 2022	–	40,000	–	(40,000)	–	The options granted on 17 June 2022 shall be vested on the day immediately following the expiry of a period of 12 months after the Date of Grant	HK\$5.99

## Management Discussion and Analysis

Category and name of grantee	Date of grant of share options	Number of share options				Outstanding as at 30 June 2022	Vesting period of share options	Exercise price of share options
		Outstanding as at 1 January 2022	Granted during the period ended 30 June 2022	Exercised during the period ended 30 June 2022	Lapsed/ Forfeited during the period ended 30 June 2022			
<b>Independent Non-executive Directors</b>								
Ms. Chan Mei Bo Mabel	22 January 2021	40,000	–	–	–	40,000	For options granted on 22 January 2021, (i) half (1/2) of the options shall be vested on the day immediately following the expiry of a period of 4 months after the Date of Grant; and (ii) another half (1/2) of the options shall be vested on the day immediately following the expiry of a period of 16 months after the Date of Grant	HK\$27.3
	17 June 2022	–	40,000	–	–	40,000	The options granted on 17 June 2022 shall be vested on the day immediately following the expiry of a period of 12 months after the Date of Grant	HK\$5.99
Mr. Shen Hao	22 January 2021	40,000	–	–	–	40,000	For options granted on 22 January 2021, (i) half (1/2) of the options shall be vested on the day immediately following the expiry of a period of 4 months after the Date of Grant; and (ii) another half (1/2) of the options shall be vested on the day immediately following the expiry of a period of 16 months after the Date of Grant	HK\$27.3
	17 June 2022	–	40,000	–	–	40,000	The options granted on 17 June 2022 shall be vested on the day immediately following the expiry of a period of 12 months after the Date of Grant	HK\$5.99
Mr. Leung Ming Shu	22 January 2021	40,000	–	–	–	40,000	For options granted on 22 January 2021, (i) half (1/2) of the options shall be vested on the day immediately following the expiry of a period of 4 months after the Date of Grant; and (ii) another half (1/2) of the options shall be vested on the day immediately following the expiry of a period of 16 months after the Date of Grant	HK\$27.3
	17 June 2022	–	40,000	–	–	40,000	The options granted on 17 June 2022 shall be vested on the day immediately following the expiry of a period of 12 months after the Date of Grant	HK\$5.99
<b>Other employees of our Group</b>								
In aggregate	22 January 2021	2,400,000	–	–	(2,022,000)	378,000	(i) one-third (1/3) of the options shall be vested on the day immediately following the expiry of a period of 16 months after the Date of Grant; (ii) another one-third (1/3) of the options shall be vested on the day immediately following the expiry of a period of 28 months after the Date of Grant; and (iii) another one-third (1/3) of the options shall be vested on the day immediately following the expiry of a period of 40 months after the Date of Grant. <i>(Note 2)</i>	HK\$27.3
	16 July 2021	1,810,000	–	–	(110,000)	1,700,000	(i) one-third (1/3) of the options shall be vested on the day immediately following the expiry of a period of 12 months after the Date of Grant; (ii) another one-third (1/3) of the options shall be vested on the day immediately following the expiry of a period of 24 months after the Date of Grant; and (iii) another one-third (1/3) of the options shall be vested on the day immediately following the expiry of a period of 36 months after the Date of Grant	HK\$10.668
	17 June 2022	–	11,150,000	–	(130,000)	11,020,000	(i) one-third (1/3) of the options shall be vested on the day immediately following the expiry of a period of 12 months after the Date of Grant; (ii) another one-third (1/3) of the options shall be vested on the day immediately following the expiry of a period of 24 months after the Date of Grant; and (iii) another one-third (1/3) of the options shall be vested on the day immediately following the expiry of a period of 36 months after the Date of Grant. <i>(Note 3)</i>	HK\$5.99
<b>Total</b>		<b>4,760,000</b>	<b>11,350,000</b>	<b>–</b>	<b>(2,692,000)</b>	<b>13,418,000</b>		

# Management Discussion and Analysis

*Note 1:*

The vesting of the options is conditional upon the fulfilment of the following performance targets:

Adjusted net profit* of the Group for the year ended 31 December 2021	Number of Shares entitled upon exercise of options in full		
	Zhang Jianguo	Zhang Feng	Zhang Jianmei
Less than RMB250 million	Nil	Nil	Nil
RMB250 million or above and less than RMB260 million	100,000	70,000	70,000
RMB260 million or above	150,000	120,000	120,000

*Note 2:*

The entitlement of the options to the employees of the Group is conditional upon the fulfilment of the performance targets which comprises (a) the adjusted net profit of the Group as follow:

Adjusted net profit* of the Group for the year ended 31 December 2021	Number of Shares entitled upon exercise of options in full
Less than RMB250 million	60% of the maximum number of Shares
RMB250 million to RMB260 million	80% of the maximum number of Shares
More than RMB260 million	100% of the maximum number of Shares

and/or (b) other individual targets such as the service premium charged on cash basis, the flexible staffing service premium, the number of BPO seats and the number of flexible staffing employees deployed to the information technology industry.

\* Adjusted net profit refers to the net profit for the year excluding share-based payment expenses.

*Note 3:*

The exercise of the options by certain employees of the Group is conditional upon the fulfilment of certain performance targets relating to the Group's financial and business performance for the year ended 31 December 2022, depending on the position and department of the grantees.

*Note 4:*

For options granted on 22 January 2021, the exercise period was from 22 January 2021 to 21 January 2031. For options granted on 16 July 2021, the exercise period was from 16 July 2021 to 15 July 2031. For options granted on 17 June 2022, the exercise period was from 17 June 2022 to 16 June 2032.

*Note 5:*

For options granted on 22 January 2021, the closing price of the Shares immediately before the date on which the options were granted, being 21 January 2021, was HK\$28.35. For options granted on 16 July 2021, the closing price of the Shares immediately before the date on which the options were granted, being 15 July 2021, was HK\$10.68. For options granted on 17 June 2022, the closing price of the Shares immediately before the date on which the options were granted, being 16 June 2022, was HK\$5.55.

Pursuant to our Post-IPO Share Award Scheme, on 22 January 2021, a total of 2,300,000 award shares were granted by the Company to 29 awardees, none of whom is connected persons, pursuant to the Post-IPO Share Award Scheme. Those award shares will be settled in the form of payment of the actual selling price, netting of the benchmarked price of HK\$25 per award share and related charges, in cash upon the vesting of such award. For further details, please refer to the Company's announcement dated 22 January 2021. During the six months ended 30 June 2022, a total of 83,400 award shares were forfeited in accordance with the terms of the Post-IPO Share Award Scheme.

## Management Discussion and Analysis

### Other Income

Other income for the six months ended 30 June 2022 amounted to approximately RMB15.8 million, representing a decrease of approximately RMB2.3 million or approximately 12.7% as compared to that of approximately RMB18.1 million for the six months ended 30 June 2021. Other income primarily comprises income derived from government grants and tax reduction. The decrease was primarily attributable to the net effect of the following: (i) the financial support funds from certain government authorities, which served as an incentive to HR companies to provide services to local enterprises and to invest in R&D of company software and systems decreased following the decrease in the Group's revenue generated from its business for 2022 Interim Period as compared to that for 2021 Interim Period. Therefore, we have received government grants of approximately RMB10.0 million for the six months ended 30 June 2022, as compared to that of approximately RMB12.4 million for the six months ended 30 June 2021, representing a decrease of approximately RMB2.4 million; (ii) certain subsidiaries of the Group are qualified for an additional 10% deduction of input VAT from output VAT. For the six months ended 30 June 2022, we obtained such tax deduction in the amount of approximately RMB4.5 million, representing an increase of approximately RMB1.0 million as compared to that of approximately RMB3.5 million for the six months ended 30 June 2021; and (iii) interest income of approximately RMB0.7 million was generated from investment in wealth management products from the bank financial assets at FVOCI including investment grade corporate bonds purchased with the idle unutilised Net Proceeds during 2022 Interim Period.

### Other (Losses)/Gains, Net

For the six months ended 30 June 2022, other losses, net amounted to approximately RMB12.5 million, while other gains, net for the six months ended 30 June 2021 amounted to approximately RMB2.0 million. The change from other gains, net in the first half of 2021 to other losses, net in the first half of 2022 was mainly due to the net effect of: (i) the financial performance of two subsidiaries of the Group acquired in 2021, namely Shanghai Lingshi and Jiangnan Finance Technology, for the year ended 30 June 2022 had declined as compared to the year ended 30 June 2021, due to the changing market environment and higher operating costs in 2022, resulting in an impairment of goodwill of approximately RMB16.4 million. This was largely offset by

gains from the protection mechanism for the Group linking to the performance targets being triggered at the same time, including a gain of approximately RMB8.4 million as the Group is not obliged to pay the final instalment for acquiring share option, and a gain of approximately RMB8.8 million associated with a call option for the Group to acquire further equity interests in Shanghai Lingshi and Jiangnan Finance Technology; (ii) a loss of approximately RMB8.5 million from change in fair value of the investment grade corporate bonds and bond funds purchased with idle funds, and a loss of approximately RMB2.5 million from disposing of investment grade bonds purchased with idle funds; (iii) in the first half of 2022, the Group implemented cost control measures. The closure of seven secondary service locations including Hangzhou resulted in a one-off loss of approximately RMB1.4 million for office decoration and furniture scrapping and the loss of approximately RMB0.2 million for the early termination of the lease contract; and (iv) Greedy Technology and Kumao Robot, two companies the Group invested in, suffered losses on fair value changes in equity prices of RMB0.9 million in the first half of 2022.

### (Provision for)/Reversal of Net Impairment Losses on Financial Assets

For the six months ended 30 June 2022, the provision of net impairment losses on financial assets amounted to approximately RMB3.3 million, as compared to the reversal of net impairment losses on financial assets of approximately RMB2.8 million for the six months ended 30 June 2021. Such change was mainly due to the COVID-19 pandemic in the PRC in the first half of 2022, and the increase in the expected credit loss rate. As such, based on the ageing of the trade and bills receivables balance as at 30 June 2022 and the subsequent settlement, we provided the provision for the impairment of trade and bills receivables, amounting to approximately RMB2.5 million. In addition, for the employee loans borrowed, we made an additional provision for expected credit losses of approximately RMB0.2 million.

### Operating (Loss)/Profit

Operating loss of the Group amounted to approximately RMB29.6 million for the six months ended 30 June 2022. However, operating profit of the Group amounted to approximately RMB84.8 million for the six months ended 30 June 2021.

# Management Discussion and Analysis

## Finance Income

Our finance income for the six months ended 30 June 2022 amounted to approximately RMB2.0 million, representing a decrease of approximately RMB2.3 million or approximately 53.5% as compared to that of approximately RMB4.3 million for the six months ended 30 June 2021. This was due to most of the raised funds have been used for production, operation and investment mergers according to the plan, and the idle funds were mainly used to purchase investment grade corporate bonds and bond funds. The idle funds used for time deposits is relatively small, so the interest income of bank deposits has declined.

## Finance Costs

Our finance costs for the six months ended 30 June 2022 amounted to approximately RMB3.0 million, representing an increase of approximately RMB0.7 million or approximately 30.4% as compared to approximately RMB2.3 million for the six months ended 30 June 2021. It was mainly due to (i) the leasing of regional offices in 2021 for future business expansion and expansion of service coverage, resulting in an increase of approximately RMB0.5 million in interest expense on lease liabilities in the first half of 2022 compared to the first half of 2021; and (ii) as affected by the resurgence of the COVID-19 pandemic, we made temporary borrowings from the bank to supplement the working capital, and the interest generated was approximately RMB0.2 million.

## Share of results of joint ventures accounted for using the equity method

The net gain attributable to the results of joint ventures for the six months ended 30 June 2022 was approximately RMB2.1 million, comprising (i) an investment income generated from the investment in Binhai Xunteng of approximately RMB1.2 million in the first half of 2022; and (ii) an investment income generated from the investment in Zhencheng Technology of approximately RMB0.9 million following it turned profitable in the first half of 2022.

## (Loss)/Profit before Income Tax

Our loss before income tax for the six months ended 30 June 2022 amounted to approximately RMB28.6 million, as compared with the profit before income tax of approximately RMB87.1 million for the six months ended 30 June 2021. Such change was mainly due to a decrease of approximately RMB90.7 million in the Group's gross profit for the first half of 2022 as compared to that for the first half of 2021, among which approximately RMB78.3 million was the year-on-year decrease in gross profit of comprehensive flexible staffing as a result of the expiry of the Cooperation Agreement and the idling costs incurred by the Xi'an Service Center of digital operation and customer service business. In addition, gross profit of professional recruitment services decreased by approximately RMB10.4 million year-on-year, which was associated with the decreased staffing demand from clients and the difficulty faced by the Group to effectively arrange recruitment for customers resulted from the COVID-19 pandemic in the first half of 2022, while the fixed costs such as the rent of the long-term leased office for the purpose of developing professional recruitment services and the related internal employees' benefit expenses remained unchanged.

## (Loss)/Profit for the Period

Loss for the period for the six months ended 30 June 2022 amounted to approximately RMB24.6 million, as compared with the profit for the period of approximately RMB74.7 million for the six months ended 30 June 2021, reasons for such changes were set out under the paragraph headed "(Loss)/Profit before Income Tax" above.

## Management Discussion and Analysis

### Non-HKFRS Measures

To supplement our consolidated financial statements which are presented in accordance with the HKFRS, we also presented adjusted net (loss)/profit as an additional financial measure, which is not required by, nor presented in accordance with, the HKFRS. The following table reconciles our adjusted net (loss)/profit for the six months ended 30 June 2022 and 2021 presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS:

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>(Loss)/Profit for the period</b>	(24,615)	74,654
Add: Share-based payment expenses under the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme	2,243	6,351
<b>Adjusted net (loss)/profit</b>	<b>(22,372)</b>	<b>81,005</b>

We define our adjusted net (loss)/profit as the net (loss)/profit for the period excluding the share-based payment expenses under the Post-IPO Share Option Scheme and Post-IPO Share Award Scheme. The adjusted net loss for the six months ended 30 June 2022 was approximately RMB22.4 million and the adjusted net profit for the six months ended 30 June 2021 was approximately RMB81.0 million. The reasons for such change are consistent with those set out in "(Loss)/Profit before Income Tax" above.

We believe that the non-HKFRS measure of adjusted net (loss)/profit may facilitate the comparison of our financial performance by eliminating the impact of items that we do not consider indicative of the actual performance of our business. Adjusted net (loss)/profit eliminates the effect of the share-based payment expenses under the Post-IPO Share Option Scheme and Post-IPO Share Award Scheme, which does not relate to our ordinary course of business and are non-recurring in nature. We present this additional financial measure as it is used by our management to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the actual performance of our business. We also believe that this non-HKFRS measure provides more useful information to investors of the Company and others in understanding and evaluating our consolidated results of operation in the same manner as our management and in comparing financial results across periods. However, our presentation of adjusted net (loss)/profit may not be comparable to other measures presented by other companies with similar title. The use of this non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results or operations or financial condition as reported under HKFRS.

### Net Current Assets

The following table sets forth our current assets and current liabilities as at the dates indicated:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Total current assets	1,168,044	1,652,635
Total current liabilities	416,237	657,643
<b>Net current assets</b>	<b>751,807</b>	<b>994,992</b>

## Management Discussion and Analysis

Our net current assets as at 30 June 2022 amounted to approximately RMB751.8 million, representing a decrease of approximately RMB243.2 million or approximately 24.4% as compared to that of approximately RMB995.0 million as at 31 December 2021. This was mainly due to the payment of first instalment of consideration to Neusoft Holdings in 7 March 2022, being approximately RMB183.6 million, pursuant to the sale and purchase agreement entered into by an indirect wholly-owned subsidiary of the Company with Neusoft Holdings in relation to the acquisition of 46.0% equity interests in Shanghai Sirui, as disclosed in the announcement of the Company dated 8 March 2022, the payment of the second installment of consideration for acquisition of Shanghai Lingshi, being approximately RMB14.7 million, and the investment of RMB20.0 million in Kumao Robot. Therefore, as at 30 June 2022, the aggregate of cash and cash equivalents and investment grade corporate bonds and bond funds purchased with idle funds (financial assets at FVOCI and financial assets at fair value through profit or loss) decreased by approximately RMB254.9 million as compared to that as at 31 December 2021.

### Trade and Notes Receivables

The trade and notes receivables decreased by approximately RMB239.8 million or approximately 31.5% from approximately RMB761.0 million as at 31 December 2021 to approximately RMB521.2 million as at 30 June 2022. This was mainly due to the expiry of the Cooperation Agreement, resulting in a decrease in revenue generated from the Group's general service outsourcing of comprehensive flexible staffing services, as well as the corresponding balance of trade and notes receivables. As at 30 June 2022, the provision for losses on trade receivables was approximately RMB12.1 million, representing a decrease of approximately RMB0.8 million as compared to that of approximately RMB12.9 million as at 31 December 2021, as we made provisions for losses on trade and notes receivables of approximately RMB2.5 million in the first half of 2022, and wrote off the loss provisions and the corresponding trade receivables of approximately RMB3.3 million based on the actual uncollectible bad debt incurred in trade and notes receivables as at 30 June 2022, mainly due to the reasons set out in the paragraph "FINANCIAL REVIEW — (Provision for)/Reversal of Net Impairment Losses on Financial Assets" in this interim report.

Due to our strong efforts in developing digital technology and cloud services in the first half of 2022, the credit terms for such comprehensive flexible staffing business are generally within 90 days. Therefore, the actual collection period granted to most clients is restricted to a credit period within 10 days to 90 days, which is in line with our credit policy in the previous years. The following table sets forth the turnover days of trade receivables for the years/periods indicated:

	For the six months ended 30 June 2022	For the year ended 31 December 2021
Trade and notes receivables turnover days <sup>(1)</sup>	69	44
Adjusted trade and notes receivables turnover days <sup>(2)</sup>	63	49

#### Notes:

- (1) Calculated as the average balance of trade receivables at the beginning and end of a period divided by the revenue for the period then multiplied by the number of days (i.e. 365 days for a year and 180 days for six months).
- (2) Calculated as the average balance of trade and notes receivables (excluding the labour costs arising from the provision of labour dispatch services) at the beginning and end of a period divided by the revenue for the period then multiplied by the number of days in the period.

For the six months ended 30 June 2022, our trade and notes receivables turnover days was 69 days, and the adjusted trade and notes receivables turnover days was 63 days, representing an increase as compared to 2021, mainly because (i) the credit period granted to clients of digital technology and cloud service business is generally within 90 days, longer than the previous maximum credit period of 70 days; and (ii) prevention and control measures implemented to combat COVID-19 pandemic in Shanghai and Yingkou had rendered the Group unable to issue and deliver invoices to customers, causing trade receivables of certain customers not being collected on time.

## Management Discussion and Analysis

### Prepayments, Deposits and Other Receivables

Prepayment, deposits and other receivables primarily consist of rental deposits and prepayments to third-party suppliers including those providing promotional services, insurance and utilities expenses.

As at 30 June 2022, our prepayments, deposits and other receivables amounted to approximately RMB45.8 million, representing an increase of approximately RMB7.0 million or approximately 18.0% as compared to that of approximately RMB38.8 million as at 31 December 2021, primarily due to a decrease in output taxes in the first half of 2022 as a result of a decrease in revenue, resulting in an increase of approximately RMB19.4 million in the balance of input VAT that was not deducted as at 30 June 2022 as compared to that as at 31 December 2021. However, it was partially offset by the following factors: (i) affected by the COVID-19 pandemic, clients have reduced their demands for recruitments, and focused on the more precise recruitment of information technology and digital talents, resulting in a decrease in the prepaid marketing and promotion expenses on social media and the Xiang Recruitment Platform for attracting job seekers. The balance of prepaid annual promotion fees to suppliers as at 30 June 2022 decreased by approximately RMB7.4 million as compared to that as at 31 December 2021; (ii) the cost reduction and efficiency improvement measures implemented by the Group in the first half of 2022, and a total of seven secondary service locations including those in Hangzhou were closed, as well as the early termination of the office space, resulting in the unrecoverable rent deposit of approximately RMB1.7 million; and (iii) the recovery of the tender deposits and performance bonds of approximately RMB2.8 million.

### Financial Assets at FVOCI

As at 31 December 2021, the balance of our financial assets at fair value through other comprehensive income amounted to approximately RMB102.1 million, comprising investment grade corporate bonds and large-denomination certificates of deposit issued by bank, all purchased by us with idle funds. In March 2022, we used the proceeds from disposals of the above-mentioned corporate bonds and large-denomination certificates of deposit issued by bank to settle part of the first instalment of consideration for the Acquisition.

### Financial assets at fair value through profit or loss

As at 30 June 2022, the balance of financial assets at fair value through profit or loss in current assets amounted to approximately RMB117.1 million, which mainly represented our purchase of investment grade bond funds with idle funds.

As at 30 June 2022, the balance of financial assets at fair value through profit or loss in non-current assets amounted to approximately RMB43.3 million, which mainly represented our investment in Greedy Technology in July 2021 and our investment in Kumao Robot in January 2022.

### Trade and Other Payables

As at 30 June 2022, our trade and other payables amounted to approximately RMB373.7 million, representing a decrease of approximately RMB215.2 million or 36.5% as compared to RMB588.9 million as at 31 December 2021, which was mainly due to the expiry of the Cooperation Agreement, thereby reducing the cost of the Group's general service outsourcing of comprehensive flexible staffing services, and the corresponding balance of accrued salaries and benefits decreased by approximately RMB209.4 million.

Our suppliers usually grant credit periods of less than one month to us, which is settled monthly upon receipt of invoices.

### Current Income Tax Liabilities

As at 30 June 2022, our current income tax liabilities amounted to approximately RMB7.1 million, representing a decrease of approximately RMB10.6 million or approximately 59.9% as compared to that of approximately RMB17.7 million as at 31 December 2021.

# Management Discussion and Analysis

## Property, Plant and Equipment

As at 30 June 2022, the carrying value of our property, plant and equipment was approximately RMB87.2 million, representing a decrease of approximately RMB26.0 million or approximately 23.0% as compared to that of approximately RMB113.2 million as at 31 December 2021, which was mainly due to the following factors: (i) the cost reduction and efficiency improvement measures implemented by the Group in the first half of 2022, and a total of seven secondary service locations including those in Hangzhou and digital operation and customer service centres in Luzhou were closed, which resulted in a total disposal of property, plant and equipment of approximately RMB19.3 million, and (ii) we incurred the depreciation expenses of approximately RMB25.6 million in the first half of 2022. This was partially offset by an increase in property, plant and equipment of approximately RMB18.9 million due to the establishment of the recruitment and delivery centre in Suzhou and the decoration of the digital operation and customer service centre in Foshan.

## Intangible Assets

As at 30 June 2022, the carrying amount of our intangible assets was approximately RMB70.8 million, representing a decrease of approximately RMB20.5 million, or approximately 22.5%, from approximately RMB91.3 million as at 31 December 2021. This was mainly due to (i) a goodwill impairment of approximately RMB16.4 million determined based on the recoverable amount reassessed on 30 June 2022 resulting from the decrease in the financial results from July 2021 to June 2022 due to the changing market environment and higher operating costs in 2022 as compared to that for the corresponding period before the acquisition of Shanghai Lingshi and Jiangnan Financial Technology, two subsidiaries acquired by the Group in 2021, and (ii) the amortisation charge of approximately RMB4.1 million for the first half of 2022.

## Investments In Joint Ventures Accounted for Using the Equity Method

As at 30 June 2022, a total amount of approximately RMB23.6 million was included in the balance of investment in joint ventures accounted for using the equity method, with investment of approximately RMB21.9 million in Binhai Xunteng and investment of approximately RMB1.7 million in Zhencheng Technology, representing an increase of approximately RMB2.0 million or approximately 9.3% as compared to approximately RMB21.6 million as at 31 December 2021, mainly because Binhai Xunteng and Zhencheng Technology both made profits in the first half of 2022.

As at 30 June 2022, the investment in associates accounted for using the equity method was that made by Renrui Human Resources Technology Group Limited\* (人瑞人才科技集團有限公司), a wholly-owned subsidiary of the Company in Renrui New Career Technology Service (Shanghai) Co., Ltd.\* (人瑞新職科技服務(上海)有限公司), an associate established jointly with Kumao Robot.

## Derivative Financial Instruments

As at 30 June 2022, derivative financial instruments amounted to approximately RMB10.8 million, of which approximately RMB8.8 million represented the gain associated with a call option for the Group to acquire further equity interests in Shanghai Lingshi and Jiangnan Finance Technology.

## Other Non-current Assets

As at 30 June 2022, our other non-current assets amounted to approximately RMB261.7 million, representing an increase of approximately RMB187.7 million or approximately 254.0% as compared to that as at 31 December 2021, which was mainly due to the payment of the first installment of consideration for the Acquisition, being approximately RMB183.6 million. Due to the implementation of prevention and control measures in Shanghai and Shenyang from late March 2022 to combat the COVID-19 pandemic, the completion of the work related to the Acquisition was delayed.

## Deferred Income Tax Assets

As at 30 June 2022, the carrying amount of our deferred income tax assets was approximately RMB23.7 million, representing an increase of approximately RMB11.5 million or approximately 94.3% as compared to that of approximately RMB12.2 million as at 31 December 2021, which was mainly due to the deferred income tax assets generated from loss in the first half of 2022.

# Management Discussion and Analysis

## KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios for the periods indicated:

	For the six months ended 30 June		
	2022	2021	2020
Total revenue growth	-18.5%	78.0%	11.0%
Adjusted net (loss)/profit growth (non-HKFRS) <sup>(1)</sup>	-127.6%	52.8%	-9.3%
Gross profit margin <sup>(2)</sup>	3.8%	7.3%	8.3%
Adjusted net margin (non-HKFRS) <sup>(3)</sup>	-1.3%	3.8%	4.4%

	30 June 2022	31 December 2021	31 December 2020
Adjusted current ratio (times) <sup>(4)</sup>	1.9	1.6	1.6

### Notes:

- (1) Adjusted net (loss)/profit (non-HKFRS) is defined as the net profit or loss for the six months ended 30 June 2022, 2021 and 2020 excluding share-based payment expenses under the Post-IPO Share Option Scheme and Post-IPO Share Award Scheme, where applicable.
- (2) Gross profit margin equals gross profit for the six months ended 30 June 2022, 2021 and 2020 divided by revenue and multiplied by 100%.
- (3) Adjusted net margin (non-HKFRS) is calculated as the adjusted net profit as a percentage of the revenue for the same period.
- (4) Adjusted current ratio is calculated as the adjusted current assets divided by the current liabilities for each year ended 31 December 2020 and 2021 and six months ended 30 June 2022. The adjusted current assets is defined as the current assets excluding the Net Proceeds received and unutilised, where applicable.

## Adjusted Net Margin

The adjusted net margin for the six months ended 30 June 2022 was approximately -1.3%, while the adjusted net margin for the six months ended 30 June 2021 was approximately 3.8%. The reasons for the change have been set out under the paragraph headed "Adjusted Net (Loss)/Profit" above.

## Adjusted Current Ratio

As at 30 June 2022, the adjusted current ratio increased to approximately 1.9 from approximately 1.6 as at 31 December 2021, which was due to the expiry of the Cooperation Agreement, resulting in a decrease of employees for comprehensive flexible staffing, with a corresponding decrease in balances of accrued salary and benefit causing the decrease in balances of current liabilities. Although the same factor also reduced the balance of trade receivables, the reduced trade receivables were partially offset by the increase in trade receivables resulting from the provision of longer credit terms to customers of the digital technology and cloud services business and the failure of certain customers to make timely payments due to the prevention and control measures imposed to combat COVID-19 pandemic. In summary, the decline in trade receivables is less than that in accrued salaries and benefits, so the adjusted current ratio increased as compared to that as at 31 December 2021.

# Management Discussion and Analysis

## Liquidity and Capital Resources

In the first half of 2022, we met our capital requirements principally through our business operations and the Net Proceeds.

As at 30 June 2022, we had cash and cash equivalents of approximately RMB480.7 million, representing a decrease of approximately RMB157.7 million or approximately 24.7% as compared to that of approximately RMB638.4 million as at 31 December 2021. This was due to the net effect of (i) the net cash used in operating activities of approximately RMB19.7 million; (ii) the payment of approximately RMB183.6 million to settle the first instalment of consideration for the Acquisition, the payment of the second installment of consideration for acquiring Shanghai Lingshi, being approximately RMB14.7 million and the investment of RMB20.0 million in Kumao Robot, which was partially offset by the proceeds from redemption of the investment grade corporate bonds and large-denomination certificates of deposit issued by bank, which resulted in net cash used in investing activities of approximately RMB130.5 million; (iii) the net cash used in financing activities of approximately RMB17.7 million due to payment of venue rentals and repayment of Shanghai Lingshi's bank borrowings; and (iv) an increase in cash and cash equivalents of approximately RMB10.2 million due to changes in exchange rates. As at 30 June 2022, all of our cash and cash equivalents were denominated in RMB.

We had no capital instruments and financial instruments for hedging purposes for the six months ended 30 June 2022 (for the six months ended 30 June 2021: nil).

## TREASURY POLICIES

The treasury and funding policies of the Group primarily focus on liquidity management and maintaining optimal liquidity. Idle funds, primarily denominated in RMB, in relation to the Net Proceeds and revenue generated from our business operations in the PRC were used to purchase short-term financial products issued by reputable financial institutions to earn higher return compared with those from time deposits issued by banks or licensed financial institutions.

## CASH FLOWS

### Net Cash Used in Operating Activities

Net cash used in operating activities for the six months ended 30 June 2022 was approximately RMB19.7 million, representing a decrease of approximately RMB43.7 million or approximately 68.8% as compared to net cash used in operating activities of approximately RMB63.4 million for the six months ended 30 June 2021. In the first half of 2022, the resurgence of the COVID-19 pandemic in a number of cities in the PRC has resulted in a decline in staffing demand from clients. We immediately implemented cost control measures to reduce operating costs and reduce expenditures by streamlining our internal organizational structure and optimizing resource allocation. It can partially offset the adverse impact of the reduction in cash generated from the Group's operating activities in the first half of 2022 resulting from the expiry of the Cooperation Agreement.

### Net Cash (Used in)/Generated from Investing Activities

Net cash used in investing activities for the six months ended 30 June 2022 was approximately RMB130.5 million, as compared to net cash generated from investing activities of approximately RMB136.4 million for the six months ended 30 June 2021. Such change from the first half of 2021 to the first half of 2022 was mainly due to the payment of approximately RMB183.6 million to settle first instalment of consideration for the Acquisition, while there was no investment nor merger and acquisition made in the first half of 2021, and the net cash generated from investing activities was due to the redemption of the wealth management products of large-denomination certificates of deposit issued by bank upon maturity.

### Net Cash Used in Financing Activities

For the six months ended 30 June 2022, net cash used in financing activities was approximately RMB17.7 million, while the net cash used in financing activities for the six months ended 30 June 2021 was approximately RMB38.8 million, representing a decrease of approximately RMB21.1 million or approximately 54.4%. Such change was primarily due to the payment of RMB21.3 million to purchase Shares by the trustee through a limited company established according to trust deed entered into by the Company and the trustee pursuant to the Post-IPO Share Award Scheme in the first half of 2021. We have no such arrangement in the first half of 2022 and the majority of the cash used in financing activities was paid for venue rentals and repayment of Shanghai Lingshi's bank borrowings.

# Management Discussion and Analysis

## CAPITAL STRUCTURE

### Indebtedness

As at 30 June 2022, we had no outstanding borrowings. For reasons set out in the paragraph headed “Finance Costs” above, we made bank borrowings of approximately RMB9.0 million to replenish our working capital, which was fully repaid by the end of June. As at 31 December 2021, the sum of outstanding principal and interest of borrowings was approximately RMB5.0 million, which was borrowed from Bank of Communications and OCBC Bank by Shanghai Lingshi, a subsidiary acquired in the second half of 2021 to replenish working capital for daily operations. Such borrowings were repaid in February 2022 and June 2022, respectively.

As at 30 June 2022, we had unutilised banking facilities of approximately RMB150.0 million.

Our bank facility is subject to the fulfilment of certain covenants, which are commonly found in loan arrangements with financial institutions. If we breach any covenant, the remaining unutilised amount may be reduced and the facilities and interest drawn down may become repayable on demand. In the first half of 2022, all these covenants had been complied with by the Group.

As at 30 June 2022, our lease liabilities in respect of our leased properties amounted to approximately RMB62.8 million, representing a decrease of approximately RMB15.1 million as compared to that of approximately RMB77.9 million as at 31 December 2021. The decrease in lease liabilities was due to the closure of seven secondary service points, including those in Hangzhou, in the first half of 2022, as one of the cost control measures taken by the Group facing the decline in staffing demand from clients amid the resurgence of the COVID-19 pandemic.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as total equity plus net debt. As at 30 June 2022 and 31 December 2021, the Group was in a net cash position (i.e. cash and cash equivalents is higher than borrowing), hence it is not meaningful to present the gearing ratio.

## CAPITAL EXPENDITURE

For the six months ended 30 June 2022, our capital expenditure amounted to approximately RMB8.8 million, among which (i) approximately RMB5.6 million was used for renovating the offices in recruitment and delivery centre in Suzhou and digital operation and customer service centre in Foshan; and (ii) approximately RMB3.2 million was used for purchasing furniture and computers for the above offices.

## OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at 30 June 2022, we had not entered into any material off-balance sheet commitments or arrangements.

## FOREIGN EXCHANGE RISK

The Group mainly operates in the PRC and most of the Group’s transactions, assets and liabilities are denominated in RMB. However, due to the Company’s functional currency being USD, the Company was exposed to foreign exchange risk from the RMB denominated bank deposits and trade payables held as at 30 June 2022. For the six months ended 30 June 2022, the Group recorded a net exchange gain of approximately RMB0.1 million in the condensed consolidated income statement.

The Group did not have any significant hedging arrangements to manage foreign exchange risk but has been actively monitoring and overseeing its foreign exchange risk.

## CHARGES ON THE GROUP’S ASSETS

As at 30 June 2022, none of the Group’s assets was pledged or charged (31 December 2021: nil).

# Management Discussion and Analysis

## MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

Shanghai Ruiying, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Neusoft Holdings on 7 March 2022 for the acquisition of 46.0% equity interests in Shanghai Sirui from Neusoft Holdings at a total consideration of approximately RMB408.0 million. Shanghai Sirui is an information technology and software outsourcing service provider dedicated to providing customers with digital transformation and information technology services. Upon completion of the Acquisition, the Company will be entitled to appoint a majority of the members of the board of directors of Shanghai Sirui. As the Company will have the decision-making power over the relevant activities of Shanghai Sirui, Shanghai Sirui will become a non-wholly owned subsidiary of the Company and the financial results of Shanghai Sirui will be consolidated into the financial statements of the Group. Due to the prevention and control measures implemented in Shanghai and Shenyang since late March 2022 to combat the COVID-19 pandemic, the completion of the Acquisition has been delayed and has not yet taken place as at the date of this report.

For 2022 Interim Period, the Group has no disposal of subsidiaries, associates or joint ventures of the Group which would fall to be disclosed under the Listing Rules.

For 2022 Interim Period, the Group held no significant investment.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

To strengthen our position as the largest flexible staffing services provider in the PRC, we plan to utilise the Net Proceeds to carry out certain expansion projects. Details for the expansion projects are set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus, subject to the re-allocation plan as detailed in the paragraph headed "USE OF NET PROCEEDS FROM THE LISTING" in this interim report.

## CONTINGENT LIABILITIES

As at 30 June 2022 and 31 December 2021, the Group had no material contingent liabilities.

## EVENTS OCCURRED AFTER THE REPORTING PERIOD

With effect from 15 August 2022, the address of the Company's Branch Share Registrar in Hong Kong had changed from Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong to 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong and all telephone and fax numbers of the Branch Share Registrar would remain unchanged.

Save as disclosed above, there was no significant event occurred after 30 June 2022 which required additional disclosures or adjustments.

## DIVIDENDS

The Board does not recommend the payment of any interim dividends for the six months ended 30 June 2022 (for the six months ended 30 June 2021: nil).

## USE OF NET PROCEEDS FROM THE LISTING

The Shares were listed on the Stock Exchange on 13 December 2019 by way of global offering. The total Net Proceeds after deducting professional fees, underwriting commissions and other related listing expenses amounted to approximately HK\$992.2 million, including the additional net proceeds of approximately HK\$70.2 million received from the issue and allotment of Shares upon completion of the partial exercise of the over-allotment option. The Company has utilised the Net Proceeds in accordance with the intended use as set out in the Prospectus for the year ended 31 December 2021 and up to March 2022 before the implementation of the re-allocation plan as detailed below.

As set out in the announcement of the Company dated 8 March 2022, after taking into account the reasons for and the benefits of the Acquisition, in order to better utilize the financial resources of the Group and to capture favourable investment opportunities, the Board has reviewed the plan for the use of the Net Proceeds and resolved to re-allocate part of the Net Proceeds for the Acquisition. For details, please refer to the Company's announcement dated 8 March 2022. The Company has utilised the Net Proceeds in accordance with the re-allocation plan since then up to 30 June 2022.

## Management Discussion and Analysis

Details of the amount of the Net Proceeds utilised up to 31 December 2021 and up to 30 June 2022 and the intended use of the Net Proceeds after the re-allocation are set out below:

Intended use of Net Proceeds	Original allocation of Net Proceeds (HK\$ million)	Amount of Net Proceeds utilised during the year ended 31 December 2021 (HK\$ million)	Amount of Net Proceeds utilised up to 31 December 2021 (HK\$ million)	Balance of Net Proceeds unutilised as at 31 December 2021 (HK\$ million)	Balance of Net Proceeds unutilised after the re-allocation as at 31 January 2022 (HK\$ million)	Amount of Net Proceeds utilised after the re-allocation up to 30 June 2022 (HK\$ million)	Balance of Net Proceeds unutilised after the re-allocation as at 30 June 2022 (HK\$ million)	Intended timetable for the use of unutilised Net Proceeds
(i) Expand the Company's geographic coverage to better support the Company's clients and new opportunities	198.4	97.2	123.7	74.8	30.8	14.0	16.8	By/before 31 December 2022
(ii) Expand the Company's industry coverage, mainly through acquisition and also through organic growth in the next three years, to capture demand for flexible staffing services the Company has observed in certain underserved and expanding industries, and specifically, to target its services to more financial institution, information technology industry and new retail clientele	168.7	73.8	74.3	94.4	466.0	219.5	246.5	By/before 31 December 2022
(iii) Expand the Company's existing BPO and headhunting service offerings in the next three years in order to capture the expected growth potential in both service sectors	129.0	6.3	30.6	98.4	48.3	1.9	46.4	By/before 31 December 2022
(iv) Further enhance the Company's integrated HR ecosystem and build up the Company's capabilities in artificial intelligence and data mining technology	218.3	28.2	31.0	187.2	95.8	4.6	91.2	By/before 31 December 2024
(v) Further promote the Company's brand and launch marketing and promotion activities	99.2	6.9	8.6	90.6	11.3	0.0	11.3	By/before 31 December 2022
(vi) Support the Company's global expansion strategy in the next four years	79.4	0.0	0.0	79.4	23.0	0.0	23.0	By/before 31 December 2023
(vii) Working capital and general corporate purposes	99.2	0.0	9.6	89.6	0.0	0.0	0.0	N/A
<b>Total</b>	<b>992.2</b>	<b>212.3</b>	<b>277.8</b>	<b>714.4</b>	<b>675.2</b>	<b>240.0</b>	<b>435.2</b>	

The Group will continue to utilise the Net Proceeds in accordance with the intended use of proceeds as set out in the Prospectus, subject to the amount re-allocated for each intended use as set out above. Save as disclosed above, the Directors are not aware of any material change to the planned use of the Net Proceeds as at the date of this report.

# Other Information

## CORPORATE GOVERNANCE CODE

The Board is committed to maintaining high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the equity holders of the Company and to enhance corporate value and accountability.

The Company has applied the principles as set out in the CG Code contained in Appendix 14 to the Listing Rules. The Board is of the view that during the six months ended 30 June 2022, the Company has complied with all applicable code provisions as set out in Part Two of the CG Code, except for the deviation from code provision C.2.1 as explained under the paragraph headed “Chairman and Chief Executive Officer” below.

### Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be segregated and should not be performed by the same individual. According to the current structure of the Board, the positions of the chairman and chief executive officer of the Company are held by Mr. Zhang Jianguo. The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the Directors and that the Board comprises three independent non-executive Directors out of eight Directors, and we believe there is sufficient check and balance on the Board; (ii) Mr. Zhang Jianguo and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and will make decisions of the Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Group. Moreover, the overall strategy and other key business, financial and operational policies of the Group are made collectively after thorough discussion at both the Board and senior management levels. Finally, as Mr. Zhang Jianguo is the principal founder of the Company, the Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning and internal communication for the Group. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order

to assess whether the separation of the roles of chairman and chief executive officer is necessary.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2022.

The Company’s relevant employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company during the six months ended 30 June 2022.

## COMPLIANCE WITH LAWS AND REGULATIONS

During the six months ended 30 June 2022, in order to efficiently administer the contributions to social insurance and housing provident fund in certain cities in the PRC where our contract employees prefer to participate in their place of residency and since we do not maintain a subsidiary or branch office due to our extensive service coverage, we engaged third-party agents to assist in the payment of social insurance and housing provident fund for some of our contract employees. As advised by our PRC legal advisor, such arrangement is not in strict compliance with the relevant PRC laws and regulations since the obligation to make contributions to social insurance and housing provident fund rests on us and should not be delegated to a third party agent. Further, we had not made full contributions to the social insurance and housing provident fund based on the actual salary levels of our employees (including those paid by the agents as described above). On the basis of, among others, our communication with the competent authorities and the confirmations received from them, the views of our PRC legal advisor and the remote possibility of being ordered to settle a material portion of the shortfall of contributions for social insurance and housing provident fund, the Group has not made provision for the difference in contribution for social insurance and housing provident fund. Should the authorities change their position and request the Group to make payments for the difference in contribution in the future, the above non-compliance issues would have material adverse effects on our business, financial condition, results of operation and cashflows. For further details, please refer to pages 248 to 250 of the Prospectus.

## Other Information

Save as disclosed above, the Group was not aware of any non-compliance under the laws and regulations in jurisdiction where the Group operates during the six months ended 30 June 2022 that could have a material adverse impact on the Group's business, financial condition and operating results.

### CHANGE IN DIRECTORATE AND DIRECTORS' INFORMATION

Mr. Leung Ming Shu, the independent non-executive Director, has been a non-executive director of GOGO HOLDINGS LIMITED (stock code: 2246), the shares of which were listed on the Stock Exchange on 24 June 2022, since July 2021. Mr. Leung has also been an independent non-executive director, chairman of the audit committee and member of the nomination committee of Infinities Technology International (Cayman) Holding Limited (formerly known as "Jiu Zun Digital Interactive Entertainment Group Holdings Limited") (stock code: 1961) since May 2022.

Save as disclosed above, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### CHANGE OF SENIOR MANAGEMENT

In order to cater for the demand for the Group's strategic development and achieve gender diversity across the workforce, Ms. Chen Chen, the Group's vice president of the strategic planning and investment and financing, was nominated as a senior management of the Company since June 2022. The biographical details of Ms. Chen are as follow:

**Chen Chen** (陳晨), aged 38, the Group's vice president of the strategic planning and investment and financing, joined the Company in September 2021. She is mainly responsible for the strategic research and planning, investor relations, and engages in the merges and acquisitions and investment activities.

Prior to joining the Group, Ms. Chen had worked in investment banking for 11 years. She joined the headquarter of BNP Paribas in Paris in November 2009 and the Asia Pacific investment banking department of BNP Paribas in Hong Kong in August 2010. She obtained Master degrees in MSc in Management (Finance) and in European Business from EMLYON Business School.

As at the date of the interim report, the Company has 5 senior management members, which are Mr. Zhang Jianguo, Mr. Zhang Feng, Ms. Zhang Jianmei, Mr. Li Wenjia and Ms. Chen Chen.

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2022, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### Interests in Shares and underlying Shares of the Company

Name of Director/ Chief Executive	Capacity/Nature of interest	Total number of Shares/ underlying Shares held <sup>(9)</sup>	Approximate percentage of shareholding interest in the Company <sup>(10)</sup> (%)
Zhang Jianguo	Interest of controlled corporation <sup>(1)</sup>	46,558,500(L)	29.71%
	Interests held jointly with other persons <sup>(4)</sup>	12,976,600(L)	8.28%
Zhang Feng	Interest of controlled corporation <sup>(2)</sup>	5,796,000(L)	3.70%
	Interests held jointly with other persons <sup>(4)</sup>	53,283,300(L)	34.00%
	Beneficial owner <sup>(2)</sup>	455,800(L)	0.29%
Zhang Jianmei	Interest of controlled corporation <sup>(3)</sup>	5,796,000(L)	3.70%
	Interests held jointly with other persons <sup>(4)</sup>	52,810,300(L)	33.70%
	Beneficial owner <sup>(3)</sup>	928,800(L)	0.59%
Chow Siu Lui	Beneficial owner <sup>(5)</sup>	80,000(L)	0.05%
Chan Mei Bo Mabel	Beneficial owner <sup>(6)</sup>	80,000(L)	0.05%
Shen Hao	Beneficial owner <sup>(7)</sup>	80,000(L)	0.05%
Leung Ming Shu	Beneficial owner <sup>(8)</sup>	80,000(L)	0.05%

*Notes:*

- (1) Ming Feng Holdings Limited ("Ming Feng") is wholly owned by Mr. Zhang Jianguo. Under the SFO, Mr. Zhang Jianguo is deemed to be interested in the 46,558,500 Shares held by Ming Feng.
- (2) Wu Fu Min Feng Holdings Limited ("Wu Fu Min Feng") is wholly owned by Mr. Zhang Feng. Under the SFO, Mr. Zhang Feng is deemed to be interested in the 5,796,000 Shares held by Wu Fu Min Feng. In addition, Mr. Zhang Feng was granted options under the mid-senior level management pre-IPO share option scheme which entitle him to subscribe for 455,800 Shares.
- (3) Lin Feng Holdings Limited ("Lin Feng") is wholly owned by Ms. Zhang Jianmei. Under the SFO, Ms. Zhang Jianmei is deemed to be interested in the 5,796,000 Shares held by Lin Feng. In addition, Ms. Zhang Jianmei was granted options under the mid-senior level management pre-IPO share option scheme which entitle her to subscribe for 928,800 Shares.

## Other Information

- (4) Mr. Zhang Jianguo, Mr. Zhang Feng and Ms. Zhang Jianmei have entered into an acting in concert deed dated 18 January 2019 according to which, among other things, they acknowledged and confirmed that they will act in concert with each other in respect of all major management matters, business decisions (including but not limited to financial and operational matters), and all matters being the subject matters of any shareholders' resolution of Ming Feng and any of the members of our Group. As such, each of Mr. Zhang Jianguo, Mr. Zhang Feng and Ms. Zhang Jianmei is deemed to be interested in the Shares and/or underlying Shares held by the other parties as they are parties acting in concert.
- (5) Mr. Chow Siu Liu was granted share options under the Post-IPO Share Option Scheme which entitle him to subscribe for 80,000 Shares.
- (6) Ms. Chan Mei Bo Mabel was granted share options under the Post-IPO Share Option Scheme which entitle her to subscribe for 80,000 Shares.
- (7) Mr. Shen Hao was granted share options under the Post-IPO Share Option Scheme which entitle him to subscribe for 80,000 Shares.
- (8) Mr. Leung Ming Shu was granted share options under the Post-IPO Share Option Scheme which entitle him to subscribe for 80,000 Shares.
- (9) The Letter "L" denotes the person's long position in such Shares.
- (10) As at 30 June 2022, the Company had 156,699,879 issued Shares.

## Interests in associated corporation of the Company

Name of Director/ Chief Executive	Associated Corporation	Capacity/ Nature of interest	Amount of registered capital subscribed (RMB)	Approximate percentage of shareholding interest in the associated corporation (%) <i>(Note)</i>
Zhang Jianguo	Chengdu Tianfu Renrui Education Consultation Co., Ltd.	Beneficial owner	4,000,000	80.00%
Zhang Feng	Chengdu Tianfu Renrui Education Consultation Co., Ltd.	Beneficial owner	500,000	10.00%
Zhang Jianmei	Chengdu Tianfu Renrui Education Consultation Co., Ltd.	Beneficial owner	500,000	10.00%

*Note:*

As Chengdu Tianfu Renrui Education Consultation Co., Ltd. is a limited liability company established in the PRC, the percentage of shareholding is determined with reference to the percentage of subscribed registered capital of each shareholder.

Save as disclosed above, as at 30 June 2022, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, to the best knowledge of the Directors or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

#### Interests in Shares and underlying Shares of the Company

Name of Substantial Shareholder	Capacity/Nature of interest	Total number of Shares/underlying Shares held <sup>(7)</sup>	Approximate percentage of shareholding interest <sup>(8)</sup> (%)
Wang Fen <sup>(1)</sup>	Interest of spouse	59,535,100(L)	37.99%
Wu Qi <sup>(2)</sup>	Interest of spouse	59,535,100(L)	37.99%
Chen Bin <sup>(3)</sup>	Interest of spouse	59,535,100(L)	37.99%
Ming Feng	Beneficial owner	46,558,500(L)	29.71%
LC Fund V, L.P. <sup>(4)</sup>	Beneficial owner	20,266,244(L)	12.93%
LC Fund V GP Limited <sup>(4)</sup>	Interest of controlled corporation	21,750,495(L)	13.88%
VMS Strategic Investment Fund, L.P. <sup>(5)</sup>	Beneficial owner	16,747,481(L)	10.69%
VMS Strategic Investment GP Limited <sup>(5)</sup>	Interest of controlled corporation	16,747,481(L)	10.69%
VMS Auto Italia Fin Services Holdings Limited <sup>(5)</sup>	Interest of controlled corporation	16,747,481(L)	10.69%
VMS Holdings Limited <sup>(5)</sup>	Interest of controlled corporation	16,747,481(L)	10.69%
Mak Siu Hang Viola <sup>(5)</sup>	Interest of controlled corporation	16,747,481(L)	10.69%
FIL Limited <sup>(6)</sup>	Interest of controlled corporation	13,879,683(L)	8.86%
Pandanus Associates Inc. <sup>(6)</sup>	Interest of controlled corporation	13,879,683(L)	8.86%
Pandanus Partners L.P. <sup>(6)</sup>	Interest of controlled corporation	13,879,683(L)	8.86%
FIDELITY CHINA SPECIAL SITUATIONS PLC	Beneficial owner	10,870,983(L)	6.94%

#### Notes:

- (1) Ms. Wang Fen is the spouse of Mr. Zhang Jianguo and under the SFO, Ms. Wang Fen is deemed to be interested in the 59,535,100 Shares/underlying Shares in which Mr. Zhang Jianguo is interested.
- (2) Ms. Wu Qi is the spouse of Mr. Zhang Feng and under the SFO, Ms. Wu Qi is deemed to be interested in the 59,535,100 Shares/underlying Shares in which Mr. Zhang Feng is interested.
- (3) Mr. Chen Bin is the spouse of Ms. Zhang Jianmei and under the SFO, Mr. Chen Bin is deemed to be interested in the 59,535,100 Shares/underlying Shares in which Ms. Zhang Jianmei is interested.
- (4) As LC Fund V GP Limited is the general partner of both of LC Fund V, L.P. and LC Parallel Fund V, L.P., LC Fund V GP Limited is deemed to be interested in the 20,266,244 Shares and 1,484,251 Shares held by LC Fund V, L.P. and LC Parallel Fund V, L.P., respectively.
- (5) VMS Strategic Investment Fund, L.P. holds 16,747,481 Shares and under the SFO, VMS Strategic Investment GP Limited, which is the general partner of VMS Strategic Investment Fund, L.P., is deemed to be interested in the 16,747,481 Shares held by VMS Strategic Investment Fund, L.P. VMS Strategic Investment GP Limited is wholly owned by VMS Auto Italia Fin Services Holdings Limited. VMS Auto Italia Fin Services Holdings Limited is wholly owned by VMS Holdings Limited. VMS Holdings Limited is owned as to 92% by Ms. Mak Siu Hang Viola. As such, each of VMS Auto Italia Fin Services Holdings Limited, VMS Holdings Limited and Ms. Mak Siu Hang Viola is deemed to be interested in the 16,747,481 Shares held by VMS Strategic Investment Fund, L.P..
- (6) Pandanus Partners L.P. holds 37.01% in FIL Limited. Pandanus Partners L.P. is wholly-owned by Pandanus Associates Inc..
- (7) The Letter "L" denotes the person's long position in such Shares.
- (8) As at 30 June 2022, the Company had 156,699,879 issued Shares.

## Other Information

Save as disclosed above, as at 30 June 2022, the Directors and the chief executive of the Company were not aware of any other persons (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to section 336 of the SFO.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, at no time during the six months ended 30 June 2022, was the Company nor any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company nor any other body corporate, and none of the Directors nor any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries or consolidated affiliated entities has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

### AUDIT COMMITTEE

The audit committee of the Board comprises three members, including two independent non-executive Directors, namely Mr. Leung Ming Shu and Ms. Chan Mei Bo Mabel, and one non-executive Director, namely Mr. Chow Siu Lui. Mr. Leung Ming Shu is the chairman of the Audit Committee. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of the external auditor, providing advice and comments to the Board and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Group.

The Audit Committee has reviewed the unaudited consolidated financial statements of the Group and the interim report for the six months ended 30 June 2022. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by the Company. The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2022 have also been reviewed by PricewaterhouseCoopers, the external auditor of the Company, in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

On behalf of the Board  
**Mr. Zhang Jianguo**  
 Chairman of the Board

PRC, 22 August 2022

# Definition

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings:

“2021 Interim Period”	the six months ended 30 June 2021;
“2022 Interim Period”	the six months ended 30 June 2022;
“Acquisition”	purchase of 46.0% equity interests in Shanghai Sirui by Shanghai Ruiying from Neusoft Holdings at a consideration of RMB408,020,000, as detailed in the announcement of the Company dated 8 March 2022;
“Audit Committee”	the audit committee of the Board;
“Binhai Xunteng”	Tianjin Binhai Xunteng Technology Group Co., Ltd.* (天津濱海迅騰科技集團有限公司);
“Board”	the board of directors of the Company;
“BPO”	business process outsourcing;
“Branch Share Registrar”	Tricor Investor Services Limited;
“CIC”	China Insights Industry Consultancy Limited, an independent market research expert;
“CG Code”	Corporate Governance Code set out in Appendix 14 to the Listing Rules;
“Company”	Renrui Human Resources Technology Holdings Limited (人瑞人才科技控股有限公司), an exempted company incorporated in the Cayman Islands on 14 October 2011 with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6919);
“comprehensive flexible staffing”	the combined business segment of two previously disclosed business segments of the Company, namely, flexible staffing and BPO;
“comprehensive flexible staffing employees”	the employees under the business segment of comprehensive flexible staffing;
“Cooperation Agreement”	the cooperation agreement in relation to the information verification and client service representative flexible staffing services provided by the Group to a major customer, the term of which expired on 15 January 2022, as disclosed in the announcements of the Company dated 30 June 2021, 7 July 2021 and 31 October 2021;
“Director(s)”	the director(s) of the Company;

## Definition

“FVOCI”	fair value through other comprehensive income;
“GDP”	gross domestic product;
“Greedy Technology”	Greedy Technology (Shenzhen) Co., Ltd.* (貪心科技(深圳)有限公司);
“Group” or “we”	the Company together with its subsidiaries;
“HKD” or “HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong;
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HR”	human resources;
“Jiangnan Finance Technology”	Jiangnan Finance Technology (Changzhou) Company limited* (江南金融科技(常州)有限公司);
“Kumao Robot”	Shanghai Kumao Robot Co., Ltd.* (上海庫茂機器人有限公司);
“Listing Date”	13 December 2019, being the date on which the Shares were listed on the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Model Code”	Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules;
“Net Proceeds”	net proceeds from the global offering of the Company in connection with the listing of the Shares on the Stock Exchange on 13 December 2019, amounting to approximately HK\$992.2 million;
“Neusoft Holdings”	Dalian Neusoft Holdings Co., Ltd.* (大連東軟控股有限公司);
“Post-IPO Share Award Scheme”	post-IPO share award scheme of the Company adopted on 26 November 2019 and subsequently amended on 20 June 2020;
“Post-IPO Share Option Scheme”	post-IPO share option scheme of the Company adopted on 26 November 2019;

## Definition

“PRC”	the People’s Republic of China and for the purpose of this report only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Prospectus”	the prospectus of the Company dated 3 December 2019;
“Renrui Human Resources Group”	Renrui Human Resources Technology Group Limited* (人瑞人才科技集團有限公司), a wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“R&D”	research and development;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“Shanghai Lingshi”	Shanghai Lingshi Human Resources Services Limited* (上海領時人力資源服務有限公司);
“Shanghai Ruiying”	Shanghai Ruiying Human Resources Technology Group Co., Ltd.* (上海瑞應人才科技集團有限公司), an indirect wholly-owned subsidiary of the Company;
“Shanghai Sirui”	Shanghai Sirui Information Technology Co., Ltd.* (上海思芮信息科技有限公司);
“Shareholder(s)”	holder(s) of the Shares;
“Share(s)”	ordinary share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Zhencheng Technology”	Shanghai Zhencheng Technology Co., Ltd.* (上海圳誠科技有限公司); and
“%”	per cent.

*This report contains certain amounts and percentage figures that have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and all momentary amounts shown are approximate amounts only.*

*If there is any inconsistency between the Chinese names of the PRC entities, enterprises or nationals and their English translations, the Chinese names shall prevail. The English translation of the PRC entities, enterprises or nationals marked with “\*” are for identification purpose only.*

# Condensed Consolidated Income Statement

For the six months ended 30 June 2022

	Note	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	6	1,733,889	2,128,315
Cost of revenue	7	(1,668,144)	(1,971,904)
<b>Gross profit</b>		<b>65,745</b>	<b>156,411</b>
Selling and marketing expenses	7	(24,447)	(39,981)
Research and development expenses	7	(13,254)	(7,243)
Administrative expenses	7	(57,637)	(47,218)
(Provision for)/reversal of net impairment losses on financial assets		(3,328)	2,776
Other income	9	15,824	18,051
Other (losses)/gains, net	10	(12,522)	2,011
<b>Operating (loss)/profit</b>		<b>(29,619)</b>	<b>84,807</b>
Finance income	11	1,981	4,293
Finance costs	11	(3,025)	(2,315)
Finance (costs)/income, net	11	(1,044)	1,978
Share of results of joint ventures		2,071	323
<b>(Loss)/profit before income tax</b>		<b>(28,592)</b>	<b>87,108</b>
Income tax credits/(expenses)	12	3,977	(12,454)
<b>(Loss)/profit for the period</b>		<b>(24,615)</b>	<b>74,654</b>
<b>(Loss)/profit is attributable to:</b>			
– Equity holders of the Company		(25,425)	74,884
– Non-controlling interests		810	(230)
<b>(Loss)/earnings per share</b> (expressed in RMB per share)			
– Basic (loss)/earnings per share	13	(0.17)	0.49
– Diluted (loss)/earnings per share	13	(0.17)	0.45

The above condensed consolidated income statement should be read in conjunction with the accompanying notes.

# Condensed Consolidated Statement of Comprehensive (Loss)/Income

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>(Loss)/profit for the period</b>	<b>(24,615)</b>	74,654
<b>Other comprehensive income/(loss)</b>		
<i>Items that may not be reclassified subsequently to profit or loss:</i>		
– Currency translation differences of the Company	51,127	(10,659)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
– Currency translation differences of subsidiaries	(37,903)	5,355
– Changes in the fair value of financial assets at fair value through other comprehensive income	1,730	547
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>14,954</b>	(4,757)
<b>Total comprehensive (loss)/income for the period</b>	<b>(9,661)</b>	69,897
<b>Total comprehensive (loss)/income for the period is attributable to:</b>		
– Equity holders of the Company	(10,471)	70,127
– Non-controlling interests	810	(230)

The above condensed consolidated statement of comprehensive (loss)/income should be read in conjunction with the accompanying notes.

# Condensed Consolidated Balance Sheet

As at 30 June 2022

	Note	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	87,177	113,213
Intangible assets	15	70,824	91,311
Investments in joint ventures accounted for using the equity method		23,643	21,572
Investment in associate accounted for using the equity method		4,900	—
Financial assets at fair value through profit or loss	16	43,335	19,946
Derivative financial instruments	16	10,787	2,085
Other non-current assets	16	261,673	73,925
Deferred income tax assets		23,711	12,237
Restricted cash	19	3,000	6,002
<b>Total non-current assets</b>		<b>529,050</b>	<b>340,291</b>
<b>Current assets</b>			
Trade and notes receivables	18	521,185	760,961
Prepayments, deposits and other receivables	17	45,801	38,778
Financial assets at fair value through other comprehensive income	16	—	102,105
Financial assets at fair value through profit or loss	16	117,124	112,177
Restricted cash	19	3,276	241
Cash and cash equivalents	19	480,658	638,373
<b>Total current assets</b>		<b>1,168,044</b>	<b>1,652,635</b>
<b>Total assets</b>		<b>1,697,094</b>	<b>1,992,926</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	20	53	53
Share premium	20	2,167,083	2,199,102
Shares held for share-based payment scheme		(87,887)	(87,887)
Other reserves		(51,205)	(68,394)
Accumulated losses		(813,470)	(788,045)
<b>Non-controlling interests</b>		<b>23,713</b>	<b>22,903</b>
<b>Total equity</b>		<b>1,238,287</b>	<b>1,277,732</b>

# Condensed Consolidated Balance Sheet

As at 30 June 2022

	Note	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		6,089	6,789
Lease liabilities	22	36,481	50,762
<b>Total non-current liabilities</b>		<b>42,570</b>	<b>57,551</b>
<b>Current liabilities</b>			
Trade and other payables	21	373,679	588,928
Contract liabilities		9,184	14,611
Current income tax liabilities		7,056	17,734
Financial liabilities at fair value through profit or loss	16	—	4,245
Borrowings		—	5,017
Lease liabilities	22	26,318	27,108
<b>Total current liabilities</b>		<b>416,237</b>	<b>657,643</b>
<b>Total liabilities</b>		<b>458,807</b>	<b>715,194</b>
<b>Total equity and liabilities</b>		<b>1,697,094</b>	<b>1,992,926</b>

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Note	Attributable to equity holders of the Company							Total equity RMB'000
		Share capital RMB'000	Share premium RMB'000	Shares held for share-based payment scheme RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	
<b>(Unaudited)</b>									
<b>Balance at 1 January 2022</b>		53	2,199,102	(87,887)	(68,394)	(788,045)	1,254,829	22,903	1,277,732
<b>Comprehensive income</b>									
(Loss)/profit for the period		–	–	–	–	(25,425)	(25,425)	810	(24,615)
Other comprehensive income									
– Currency translation differences		–	–	–	13,224	–	13,224	–	13,224
– Changes in the fair value of financial assets at fair value through other comprehensive income		–	–	–	1,730	–	1,730	–	1,730
<b>Total comprehensive income/(loss)</b>		–	–	–	14,954	(25,425)	(10,471)	810	(9,661)
<b>Transactions with equity holders in their capacity as equity holders</b>									
Share-based compensation	8	–	–	–	2,235	–	2,235	–	2,235
Exercise of share options	20	–	111	–	–	–	111	–	111
Dividends declared	20	–	(32,130)	–	–	–	(32,130)	–	(32,130)
<b>Total transactions with equity holders in their capacity as equity holders</b>		–	(32,019)	–	2,235	–	(29,784)	–	(29,784)
<b>Balance at 30 June 2022</b>		53	2,167,083	(87,887)	(51,205)	(813,470)	1,214,574	23,713	1,238,287

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Note	Attributable to equity holders of the Company							Total equity RMB'000
		Share capital RMB'000	Share premium RMB'000	Shares held for share-based payment scheme RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	
<b>(Unaudited)</b>									
<b>Balance at 1 January 2021</b>		53	2,252,478	(66,609)	(62,048)	(889,712)	1,234,162	1,901	1,236,063
<b>Comprehensive income</b>									
Profit for the period		—	—	—	—	74,884	74,884	(230)	74,654
Other comprehensive loss									
– Currency translation differences		—	—	—	(5,304)	—	(5,304)	—	(5,304)
– Changes in the fair value of financial assets at fair value through other comprehensive income		—	—	—	547	—	547	—	547
<b>Total comprehensive income</b>		—	—	—	(4,757)	74,884	70,127	(230)	69,897
<b>Transactions with equity holders in their capacity as equity holders</b>									
Share-based compensation	8	—	—	—	6,555	—	6,555	—	6,555
Exercise of share options	20	—	57	—	—	—	57	—	57
Dividends declared	20	—	(54,708)	—	—	—	(54,708)	—	(54,708)
Acquisitions of shares held for share-based payment scheme	20	—	—	(21,278)	—	—	(21,278)	—	(21,278)
<b>Total transactions with equity holders in their capacity as equity holders</b>		—	(54,651)	(21,278)	6,555	—	(69,374)	—	(69,374)
<b>Balance at 30 June 2021</b>		53	2,197,827	(87,887)	(60,250)	(814,828)	1,234,915	1,671	1,236,586

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Note	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Cash flows used in operating activities</b>			
Cash used in operations		(874)	(39,809)
Income tax paid		(18,875)	(23,555)
<b>Net cash used in operating activities</b>		<b>(19,749)</b>	<b>(63,364)</b>
<b>Cash flows (used in)/from investing activities</b>			
Purchase of property, plant and equipment		(8,768)	(14,368)
Purchase of financial assets at fair value through profit or loss		(200,000)	(227,264)
Prepayment for acquisition of subsidiaries		(183,609)	—
Payment for acquisition of subsidiaries		(14,702)	—
Purchase of financial assets at fair value through other comprehensive income		—	(197,910)
Purchase of intangible assets		—	(2,745)
Proceeds from disposal of property, plant and equipment		2,340	12
Proceeds from disposal of financial assets at fair value through profit or loss		170,314	228,725
Proceeds from disposal of financial assets at fair value through other comprehensive income		102,027	346,070
Interest received from cash and cash equivalents		1,940	3,923
<b>Net cash (used in)/generated from investing activities</b>		<b>(130,458)</b>	<b>136,443</b>
<b>Cash flows used in financing activities</b>			
Proceeds from exercise of share options	20	111	57
Proceeds from borrowings		9,020	—
Acquisition of shares held for share-based payment scheme	20	—	(21,278)
Payment of lease liabilities		(12,609)	(17,573)
Repayments of borrowings		(14,037)	—
Interest paid		(213)	—
<b>Net cash used in financing activities</b>		<b>(17,728)</b>	<b>(38,794)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the period		638,373	967,225
Effects of exchange rate changes on cash and cash equivalents		10,220	(1,640)
<b>Cash and cash equivalents at end of the period</b>	19	<b>480,658</b>	<b>999,870</b>

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 1 GENERAL INFORMATION

Renrui Human Resources Technology Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 14 October 2011 as an exempted company with limited liability. The registered office is P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands.

The Company, an investment holding company, and its subsidiaries (together, the “Group”) are principally engaged in the provision of comprehensive flexible staffing services, professional recruitment services and other human resources (“HR”) solutions services in the People’s Republic of China (the “PRC”). The ultimate controlling parties of the Company are Mr. Zhang Jianguo, Mr. Zhang Feng and Ms. Zhang Jianmei (collectively, the “Controlling Equity Holders”).

The Company completed its initial public offering and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 13 December 2019 (the “Listing”).

The unaudited condensed consolidated interim financial information are presented in Renminbi (“RMB”), unless otherwise stated.

The unaudited condensed consolidated interim financial information were approved for issue by the Board of Directors on 22 August 2022.

## 2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2022 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The unaudited condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 3 ACCOUNTING POLICIES

The accounting policies applied in preparation of these unaudited condensed consolidated interim financial information are consistent with those of the annual consolidated financial statements for the year ended 31 December 2021, as described therein, except for estimation of income tax for the interim periods using the tax rate that would be applicable to expected total annual earnings and the adoption of the new standards, amendments and interpretations of HKFRSs effective for the financial year end 31 December 2022 as described below and disclosed elsewhere in this interim financial information.

### (a) New standards, amendments and interpretations of HKFRSs effective for 2022

The HKICPA has issued the following amendments to HKFRS for the current accounting period of the Group.

- Amendments to Annual Improvements to HKFRS Standards 2018–2020
- Amendments to HKAS 16 - Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to HKAS 37 - Onerous Contracts - Cost of Fulfilling a Contract
- Amendments to HKFRS 3 - Reference to the Conceptual Framework
- Amendments to AG 5 (Revised) - Merger Accounting for Common Control Combinations

The adoption of the above new amendments starting from 1 January 2022 did not give rise to significant impact on the Group's result of operations and financial position for the six months ended 30 June 2022.

### (b) Impact of standards issued but not yet adopted by the Group

Certain new accounting standards, amendments and interpretations have been published but are not mandatory for the financial year beginning 1 January 2022 and have not been early adopted by the Group. These new accounting standards, amendments and interpretations are not expected to have a material impact on the Group's financial statements when they become effective.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2021.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 5 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

### 5.1 Financial risk factors

#### (a) Market risk

##### (i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The functional currency of the Company is USD whereas the functional currency of the subsidiaries operating in the PRC is RMB.

The Group operates mainly in the PRC with most of the transactions settled in RMB.

As at 30 June 2022, the majority of the Group's assets and liabilities are denominated in RMB. Due to functional currency being USD, the Company was exposed to foreign exchange risk from the RMB denominated bank deposits and trade payables it held. Apart from this, the management considers that the business is not subject to any other significant foreign exchange risk.

##### (ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates, as the Group has no significant interest-bearing assets except for cash and cash equivalents, restricted cash measured at amortised cost and wealth management products purchased from banks measured at FVOCI or FVPL.

The Group's exposure to changes in interest rates is also attributable to its lease liabilities, details of which has been disclosed in Note 22. Lease liabilities carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

As at 30 June 2022 and 31 December 2021, the Group's lease liabilities were all carried at fixed rates, which did not expose the Group to cash flow interest rate risk.

#### (b) Credit risk

Credit risk is managed on a group basis. The Group's credit risk arises from cash and cash equivalents, restricted cash, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, favourable derivative financial instruments as well as credit exposures to customers, including outstanding receivables.

##### (i) Cash and cash equivalents and restricted cash

As at 30 June 2022 and 31 December 2021, the Group expects that there is no significant credit risk associated with cash and cash equivalents or restricted cash since most of them are deposited at state-owned banks and other multinational medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (ii) Trade and notes receivables

To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made to customers with an appropriate credit history and the management performs ongoing credit evaluations of its customers. The credit period granted to the customers is typically of 10 to 90 days and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors. The Group applies HKFRS 9 simplified approach to measuring the expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Expected credit losses are determined based on historical default rates and incorporate forward looking information. The Group identifies GDP growth rate, unemployment rate and growth rate of total retail sales of consumer goods as the key economic variables impacting the expected credit losses.

On that basis, the loss allowance for trade receivables as at 30 June 2022 and 31 December 2021 was determined as follows:

(Unaudited) 30 June 2022	Current	Past due	Past due	Past due	Past due	Total	
		within 3 months	from 4 months to 6 months	from 7 months to 9 months	from 10 months to 12 months		over 12 months
Expected loss rate	0.91%	7.25%	44.02%	89.32%	100.00%	100.00%	
Gross carrying amount	502,660	20,275	6,611	206	39	2,885	532,676
<b>Loss allowance</b>	<b>4,568</b>	<b>1,469</b>	<b>2,910</b>	<b>184</b>	<b>39</b>	<b>2,885</b>	<b>12,055</b>

(Audited) 31 December 2021	Current	Past due	Past due	Past due	Past due	Total	
		within 3 months	from 4 months to 6 months	from 7 months to 9 months	from 10 months to 12 months		over 12 months
Expected loss rate	0.48%	5.07%	48.19%	71.68%	95.09%	100.00%	
Gross carrying amount	724,811	39,581	1,274	1,324	1,059	4,887	772,936
<b>Loss allowance</b>	<b>3,454</b>	<b>2,007</b>	<b>614</b>	<b>949</b>	<b>1,007</b>	<b>4,887</b>	<b>12,918</b>

As at 30 June 2022 and 31 December 2021, the Group assessed the identified credit losses of notes receivables were immaterial.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (iii) Other receivables, deposits and other non-current assets

For other receivables, deposits and other non-current assets, the Group applies the general model for expected credit losses prescribed by HKFRS 9, since credit risk has not significantly increased after initial recognition, provision is provided, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. As at 30 June 2022 and 31 December 2021, the loss allowance of other receivables, deposits and other non-current assets were RMB1,973,000 and RMB1,100,000 respectively.

##### (iv) Financial assets at fair value through other comprehensive income

For financial assets at fair value through other comprehensive income, the Group applies the general model for expected credit losses prescribed by HKFRS 9, since credit risk has not significantly increased after initial recognition, provision is provided, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. As at 30 June 2022, the Group assessed the identified credit losses of investment in wealth management products purchased from banks to be low given they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.1 Financial risk factors (Continued)

#### (c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing to meet its daily operation working capital.

The table below analyses the Group's financial liabilities by relevant maturity grouping at each balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months from the balance sheet date equal to their carrying amounts in the condensed consolidated balance sheet, as the impact of discount is not significant.

Contractual maturities of financial liabilities	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	More than 5 years RMB'000	Total contractual cash flows RMB'000
<b>(Unaudited)</b>					
At 30 June 2022					
Trade and other payables*	50,951	—	—	—	50,951
Lease liabilities	29,153	25,327	13,128	—	67,608
	<b>80,104</b>	<b>25,327</b>	<b>13,128</b>	<b>—</b>	<b>118,559</b>
<b>(Audited)</b>					
At 31 December 2021					
Borrowings	5,175	—	—	—	5,175
Trade and other payables*	63,856	—	—	—	63,856
Financial liabilities at fair value through profit or loss	4,245	—	—	—	4,245
Lease liabilities	30,940	30,806	23,139	—	84,885
	<b>104,216</b>	<b>30,806</b>	<b>23,139</b>	<b>—</b>	<b>158,161</b>

\* Excluding non-financial liabilities of accrued payroll and welfare, value-added tax ("VAT") and surcharges and dividends payable.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for owners and benefits for other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (exclude hybrid financial instruments) less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

As at 30 June 2022 and 31 December 2021, the Group was in a net cash position (i.e., cash and cash equivalents is higher than borrowing), hence it is not meaningful to present the gearing ratio.

### 5.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2022 and 31 December 2021 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

As at 30 June 2022, the Group had certain financial instruments carried at fair value, including wealth management products purchased from banks recorded as financial assets at FVPL, investments in joint ventures at FVPL and derivative financial instruments.

As at 31 December 2021, the Group had certain financial instruments carried at fair value, including wealth management products purchased from banks recorded as financial assets at FVOCI or FVPL, investment in joint venture at FVPL, derivative financial instruments associated with one joint venture and financial liabilities at FVPL.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.3 Fair value estimation (Continued)

Recurring fair value measurements	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>As at 30 June 2022 (Unaudited)</b>				
<b>Financial assets</b>				
Financial assets at fair value through profit or loss (Note 16)	—	117,124	43,335	160,459
Derivative financial instruments (Note 16)	—	—	10,787	10,787
	—	117,124	54,122	171,246

Recurring fair value measurements	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>As at 31 December 2021 (Audited)</b>				
<b>Financial assets</b>				
Financial assets at fair value through other comprehensive income (Note 16)	—	102,105	—	102,105
Financial assets at fair value through profit or loss (Note 16)	—	112,177	19,946	132,123
Derivative financial instruments (Note 16)	—	—	2,085	2,085
	—	214,282	22,031	236,313
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss (Note 16)	—	—	4,245	4,245
	—	—	4,245	4,245

There were no transfers among levels of the fair value hierarchy during the periods.

The following table presents the changes in level 3 derivative financial instruments and financial assets at fair value through profit or loss for the six months ended 30 June 2022.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.3 Fair value estimation (Continued)

	Financial assets at fair value through profit or loss RMB'000	Derivative financial instruments RMB'000	Financial liabilities at fair value through profit or loss RMB'000
<b>At 1 January 2022 (Audited)</b>	19,946	2,085	4,245
Addition	20,000	—	—
Fair value change (Note 10)	3,389	8,702	(4,245)
<b>At 30 June 2022</b>	<b>43,335</b>	<b>10,787</b>	<b>—</b>

The Group manages the valuation of level 3 instruments for financial reporting purposes and manages the valuation exercise of the instruments on a case-by-case basis. At least once every year, the management would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

As at 30 June 2022, financial assets at fair value through profit or loss included in Level 3 was the investments in joint ventures in the form of ordinary shares with certain substantive preferential rights and contingent consideration receivable related to acquisition of certain subsidiaries (Note 16). The fair value of investments in joint ventures at fair value through profit or loss was determined by market approach, which was estimated based on trading prices of comparable companies to the investee in the similar industries, and incorporated other unobservable inputs, such as liquidity discount. The fair value of the contingent consideration receivable was determined by expected cash outflows which were estimated based on the terms of the acquisition agreement and the Group's knowledge of the business and how the current economic environment was likely to impact it. The significant assumption for the fair value measurement is the discount rate.

As at 30 June 2022, derivative financial instruments included in Level 3 mainly included the call option related to acquisition of certain subsidiaries (Note 16). The fair value of the call option was determined by Black-Scholes model which were estimated based on the terms of the acquisition agreement and the Group's knowledge of the business and how the current economic environment was likely to impact it. The significant assumption for the fair value measurement is the risk-free interest rate, expected volatility and the estimated equity value.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 6 SEGMENT INFORMATION AND REVENUE

### (a) Description of segments and principal activities

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions. As a result of this evaluation, the Group determined that it has operating segments as follows:

#### ***Comprehensive flexible staffing***

The comprehensive flexible staffing segment mainly comprise general services outsourcing, digital technology and cloud services and digital operation and customer services, which offers workers upon customers' needs or performing certain business function outsourced by customers to the Group. The Group is responsible for recruiting and managing workers contracted with the Group to satisfy customers' related service needs at various business development stages.

#### ***Professional recruitment***

The professional recruitment segment offers bulk recruitment service. The Group assists customers search for, identify and recommend suitable candidates for the job vacancies. Also, the Group assists customers' hiring process, which includes candidate assessments, screening and conducting candidate interviews.

#### ***Other HR solutions***

The Group provides other HR solutions such as corporate training and labour dispatch.

The CODM assesses the performance of the operating segments mainly based on segment revenues and segment gross profit. Thus, segment result would present revenue and gross profit for each segment, which is in line with CODM's performance review.

The principal operating entities of the Group are domiciled in the PRC. Accordingly, almost all of the Group's revenue are derived in the PRC.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 6 SEGMENT INFORMATION AND REVENUE (Continued)

### (b) Segment results and other information

The segment information provided to the Group's CODM for the reportable segments for the six months ended 30 June 2022 was as follows:

	Six months ended 30 June 2022			
	Comprehensive flexible staffing RMB'000 (Unaudited)	Professional recruitment RMB'000 (Unaudited)	Other HR solutions RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue	1,695,163	29,275	9,451	1,733,889
Segment gross profit	52,588	6,847	6,310	65,745
Unallocated:				
Selling and marketing expenses				(24,447)
Research and development expenses				(13,254)
Administrative expenses				(57,637)
Other income (Note 9)				15,824
Other losses, net (Note 10)				(12,522)
Provision for net impairment losses on financial assets				(3,328)
Finance costs, net (Note 11)				(1,044)
Share of results of joint ventures				2,071
Loss before income tax				(28,592)
Income tax credits (Note 12)				3,977
Loss for the period				(24,615)

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 6 SEGMENT INFORMATION AND REVENUE (Continued)

### (b) Segment results and other information (Continued)

The segment information provided to the Group's CODM for the reportable segments for the six months ended 30 June 2021 was as follows:

	Six months ended 30 June 2021			
	Comprehensive flexible staffing RMB'000 (Unaudited)	Professional recruitment RMB'000 (Unaudited)	Other HR solutions RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue	2,069,867	47,996	10,452	2,128,315
Segment gross profit	130,873	17,223	8,315	156,411
Unallocated:				
Selling and marketing expenses				(39,981)
Research and development expenses				(7,243)
Administrative expenses				(47,218)
Other income (Note 9)				18,051
Other gains, net (Note 10)				2,011
Reversal of net impairment losses on financial assets				2,776
Finance income, net (Note 11)				1,978
Share of results of joint ventures				323
Profit before income tax				87,108
Income tax expense (Note 12)				(12,454)
Profit for the period				74,654

### (c) Segment assets and segment liabilities

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 6 SEGMENT INFORMATION AND REVENUE (Continued)

### (d) Disaggregation of revenue from contracts with customers

(i) The Group derived revenue in the following types:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Comprehensive flexible staffing		
– General services outsourcing	1,461,378	1,938,850
– Digital technology and cloud services	111,442	25,745
– Digital operation and customer services	122,343	105,272
Professional recruitment		
– Recruitment	28,396	47,168
– Paid membership	879	828
Other HR solutions		
– Corporate training	—	959
– Labour dispatch	2,280	2,551
– Other miscellaneous services*	7,171	6,942
<b>Total</b>	<b>1,733,889</b>	<b>2,128,315</b>

\* For the six months ended 30 June 2022, other miscellaneous services mainly included tailored employee management solutions to the customers, which was recognised over time as the customers simultaneously received and consumed the benefits provided by the Group's performance.

(ii) The Group derived revenue from the transfer of services over time and at a point in time in the following major service lines:

Six months ended 30 June 2022	Comprehensive flexible staffing RMB'000 (Unaudited)	Professional recruitment RMB'000 (Unaudited)	Other HR solutions RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Timing of revenue recognition				
At a point in time	—	28,396	813	29,209
Over time	1,695,163	879	8,638	1,704,680
	1,695,163	29,275	9,451	1,733,889

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 6 SEGMENT INFORMATION AND REVENUE (Continued)

### (d) Disaggregation of revenue from contracts with customers (Continued)

Six months ended 30 June 2021	Comprehensive flexible staffing RMB'000 (Unaudited)	Professional recruitment RMB'000 (Unaudited)	Other HR solutions RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Timing of revenue recognition				
At a point in time	—	47,168	959	48,127
Over time	2,069,867	828	9,493	2,080,188
	2,069,867	47,996	10,452	2,128,315

## 7 EXPENSES BY NATURE

The following expenses include cost of revenue, selling and marketing expenses, research and development expenses and administrative expenses:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Employee benefit expenses	1,658,737	1,961,908
Depreciation and amortisation	29,709	17,986
Travelling and entertainment expenses	13,767	31,987
Marketing and promotion expenses	12,794	14,682
Other taxes and surcharges	10,950	12,749
Subcontracting costs	4,322	7,097
Recruitment related communication expenses	174	527
Utilities and office expenses	9,440	7,543
Professional service fee	12,740	5,776
Lease and property management expenses	5,955	3,966
Auditor's remuneration	2,640	950
Others	2,254	1,175
<b>Total</b>	<b>1,763,482</b>	<b>2,066,346</b>

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 8 EMPLOYEE BENEFIT EXPENSES

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Wages, salaries and bonus	1,394,127	1,666,270
Social insurance and housing fund	239,973	266,743
Other employee welfares	22,402	22,340
Share-based compensation*	2,235	6,555
	<b>1,658,737</b>	<b>1,961,908</b>

\* The share-based compensation expenses recognised in the unaudited condensed consolidated income statement were approximately RMB2,235,000 and RMB6,555,000 for the six months ended 30 June 2022 and 2021, respectively. The following table set forth a breakdown of the share-based compensation expenses:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Pre-IPO share option schemes (a)	(8)	204
Post-IPO share option scheme (b)	2,978	6,351
Post-IPO share award scheme (c)	(735)	—
	<b>2,235</b>	<b>6,555</b>

### (a) Pre-IPO share option schemes

Before the Listing, the Group granted share options to eligible senior management and employees. Prior to March 2019, the options granted were vested upon the listing of the Company, on the condition that employees remained in service without any performance requirements.

In March 2019, the Group modified the terms and conditions of the previously granted share options mentioned above. The modified pre-IPO share option schemes have graded vesting terms, and the share options will vest in tranches upon the listing on condition that the employees remain in service without any performance requirements. Such modification has no impact on the subsequent measurement during the remainder of the vesting period, since the modification does not increase the fair value of those previously granted share options.

After March 2019, new pre-IPO Share options have graded vesting terms, and the share options will vest in tranches upon the listing on condition that the employees remain in service without any performance requirements.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 8 EMPLOYEE BENEFIT EXPENSES (Continued)

### (b) Post-IPO share option scheme

Since 2020, the Group has granted share options to eligible senior management and employees under the post-IPO share option scheme adopted on 26 November 2019. These share options will vest in tranches on condition that the employees remain in service with or without certain performance requirements.

On 29 October 2020, the Group granted share options to three executive directors which entitled the grantees to subscribe for a maximum of 390,000 shares under the post-IPO share option scheme adopted on 26 November 2019. The share options have a vesting period of 18 months, and will vest upon the fulfilment of certain non-market performance conditions. The exercise price of these share options is HKD30.00 per share.

On 22 January 2021, the Company granted share options to twenty eligible grantees (four non-executive directors and sixteen employees) which entitled the grantees to subscribe for a maximum of 2,560,000 shares under the post-IPO share option scheme adopted on 26 November 2019. These share options will vest in tranches on the condition that the grantees remain in service and upon fulfilment of certain non-market performance conditions. The exercise price of these share options is HKD27.30 per share.

On 16 July 2021, the Group granted share options to forty-two eligible grantees which entitled the grantees to subscribe for a maximum of 1,830,000 shares. These share options will vest in tranches on the condition that the grantees remain in service without any performance requirements.

On 17 June 2022, the Company granted share options to two hundred and four eligible grantees (five non-executive directors and one hundred ninety-nine employees) which entitled the grantees to subscribe for a maximum of 11,350,000 shares under the post-IPO share option scheme adopted on 26 November 2019. These share options will vest in tranches on the condition that the grantees remain in service and upon fulfilment of certain non-market performance conditions. The exercise price of these share options is HKD5.99 per share. The Group adopted Binomial option-pricing model to determine the fair value of share options. The aggregate fair value of share options granted as at the grant date was approximately RMB22,333,000. Significant assumptions of share options granted on 17 June 2022 were set as below:

	Share options granted under the Post-IPO Share Option Scheme in June 2022
Risk-free interest rate	3.24%
Expected volatility	40.00%
Ordinary share price on grant date (HKD)	5.99
Exercise price (HKD)	5.99
Dividend yield	1.50%

### (c) Post-IPO share award scheme

On 22 January 2021, the Company granted 2,300,000 award shares to twenty-nine eligible employees under the post-IPO share award scheme adopted on 26 November 2019 and amended on 26 June 2020. These award shares will vest in tranches on the condition that the grantees remain in service without any performance requirements. Upon vesting the award shares, the Company will immediately direct the trust to sell the award shares and pay the grantees in cash the net proceeds from such sales, net of the benchmarked price of HKD25.00 per share as stipulated in the agreements with the grantees.

Liabilities for the scheme are recognised as employee benefit expense over the relevant service period. The liabilities are remeasured to fair value at each reporting date and are presented as employee benefit obligations in the consolidated balance sheet.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 9 OTHER INCOME

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Government grants	10,035	12,448
Additional deduction of input value-added tax ("VAT")	4,452	3,507
Interest from financial assets at FVOCI	659	2,074
Others	678	22
	15,824	18,051

## 10 OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Impairment of goodwill (Note 15)	(16,372)	—
Net (losses)/gains on disposal of property, plant and equipment	(1,360)	11
Exchange gains - net	128	697
(Losses)/gains on early termination of lease contracts	(240)	88
Net fair value (losses)/gains on financial products at FVPL	(8,518)	1,187
Net (losses)/gains on disposal of financial products at FVOCI	(2,496)	280
Fair value gains/(losses) on derivative financial instruments	8,702	(273)
Fair value gains on other financial assets at FVPL	8,424	—
Fair value losses from remeasurement of equity investments at FVPL	(790)	—
Others	—	21
	(12,522)	2,011

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 11 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<i>Finance income</i>		
Interest income on cash and cash equivalents	1,981	4,293
<b>Finance income</b>	<b>1,981</b>	<b>4,293</b>
<i>Finance costs</i>		
Interest expense		
– lease liabilities	(2,811)	(2,315)
– borrowings	(214)	–
<b>Finance costs expensed</b>	<b>(3,025)</b>	<b>(2,315)</b>
<b>Finance (costs)/income, net</b>	<b>(1,044)</b>	<b>1,978</b>

## 12 INCOME TAX CREDITS/(EXPENSES)

Under the current laws of the Cayman Islands, the Company incorporated in the Cayman Islands is not subject to tax on income or capital gain. Additionally, the Cayman Islands do not impose a withholding tax on payments of dividends to equity holders.

No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the six months ended 30 June 2022 and 2021.

PRC corporate income tax provision is made on the estimated assessable profits of entities within the Group incorporated in the PRC and is calculated at the applicable tax rates in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 12 INCOME TAX CREDITS/(EXPENSES) (Continued)

An analysis of the income tax charges for the period is as follows:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current income tax	(8,197)	(16,575)
Deferred income tax	12,174	4,121
	3,977	(12,454)

## 13 (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period, taking into consideration of the shares held for share-based payment scheme (Note 20).

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
(Loss)/profit attributable to the equity holders of the Company (RMB'000)	(25,425)	74,884
Weighted average number of ordinary shares in issue (thousands)	153,021	152,881
Basic (loss)/earnings per share attributable to the ordinary equity holders of the Company (RMB per share)	(0.17)	0.49

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 13 (LOSS)/EARNINGS PER SHARE (Continued)

### (b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share adjusts the figures used in the determination of basic (loss)/earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

For the six months ended 30 June 2022 and 2021, share options granted to employees were assumed to be potential ordinary shares and have been considered in the determination of diluted (loss)/earnings per share.

As the Group incurred losses for the six months ended 30 June 2022, the dilutive potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilution. Accordingly, diluted loss per share for the period ended 30 June 2022 was the same as basic loss per share of the period.

For the six months ended 30 June 2021, share options granted to employees were assumed to be potential ordinary shares and have been considered in the determination of diluted earnings per share, among which 390,000 share options granted on 29 October 2020 and 2,560,000 share options granted on 22 January 2021 were not included in the calculation of diluted earnings per share because they were anti-dilutive for the six months ended 30 June 2021. These share options could potentially dilute basic earnings per share in the future.

The diluted (loss)/earnings per share for the six months ended 30 June 2022 and 2021 was as following:

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
(Loss)/profit attributable to the equity holders of the Company (RMB'000)	(25,425)	74,884
Weighted average number of ordinary shares in issue (thousands)	153,021	152,881
Adjustments for calculation of diluted earnings per share (thousands):		
– Share options	–	14,804
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share (thousands)	153,021	167,685
Diluted (loss)/earnings per share attributable to the ordinary equity holders of the Company (RMB per share)	(0.17)	0.45

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 14 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets property RMB'000	Computer equipment RMB'000	Electrical appliances RMB'000	Furniture RMB'000	Leasehold improvements RMB'000	Total RMB'000
<b>At 1 January 2021 (Audited)</b>						
Cost	92,067	10,418	199	4,316	16,211	123,211
Accumulated depreciation	(33,408)	(6,941)	(149)	(1,867)	(6,910)	(49,275)
Net book amount	58,659	3,477	50	2,449	9,301	73,936
<b>Six months ended 30 June 2021</b>						
Opening net book amount	58,659	3,477	50	2,449	9,301	73,936
Additions	45,896	4,401	1,132	3,473	5,362	60,264
Disposals	(1,229)	(1)	—	—	—	(1,230)
Depreciation charge	(14,321)	(1,224)	(152)	(392)	(1,735)	(17,824)
Closing net book amount	89,005	6,653	1,030	5,530	12,928	115,146
<b>At 30 June 2021 (Unaudited)</b>						
Cost	134,690	14,238	1,331	7,780	21,416	179,455
Accumulated depreciation	(45,685)	(7,585)	(301)	(2,250)	(8,488)	(64,309)
Net book amount	89,005	6,653	1,030	5,530	12,928	115,146
<b>At 1 January 2022 (Audited)</b>						
Cost	113,202	22,574	1,419	8,443	26,092	171,730
Accumulated depreciation	(36,606)	(9,417)	(515)	(2,615)	(9,364)	(58,517)
Net book amount	76,596	13,157	904	5,828	16,728	113,213
<b>Six months ended 30 June 2022</b>						
Opening net book amount	76,597	13,157	904	5,828	16,727	113,213
Additions	10,092	2,281	107	738	5,642	18,860
Disposals	(15,606)	(2,403)	(10)	(231)	(1,052)	(19,302)
Depreciation charge	(13,645)	(3,356)	(236)	(808)	(7,549)	(25,594)
Closing net book amount	57,438	9,679	765	5,527	13,768	87,177
<b>At 30 June 2022 (Unaudited)</b>						
Cost	99,122	20,542	1,732	8,347	29,310	159,053
Accumulated depreciation	(41,684)	(10,863)	(967)	(2,820)	(15,542)	(71,876)
Net book amount	57,438	9,679	765	5,527	13,768	87,177

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 15 INTANGIBLE ASSETS

	Software RMB'000	Goodwill RMB'000	Customer relationships RMB'000	Total RMB'000
<b>At 1 January 2021 (Audited)</b>				
Cost	4,496	—	—	4,496
Accumulated amortisation	(1,352)	—	—	(1,352)
Net book amount	3,144	—	—	3,144
<b>Six months ended 30 June 2021</b>				
Opening net book amount	3,144	—	—	3,144
Additions	2,745	—	—	2,745
Amortisation charge	(162)	—	—	(162)
Closing net book amount	5,727	—	—	5,727
<b>At 30 June 2021 (Unaudited)</b>				
Cost	7,241	—	—	7,241
Accumulated amortisation	(1,514)	—	—	(1,514)
Net book amount	5,727	—	—	5,727
<b>At 1 January 2022 (Audited)</b>				
Cost	7,733	58,673	28,000	94,406
Accumulated amortisation	(2,251)	—	(844)	(3,095)
Net book amount	5,482	58,673	27,156	91,311
<b>Six months ended 30 June 2022</b>				
Opening net book amount	5,482	58,673	27,156	91,311
Impairment of goodwill (a)	—	(16,372)	—	(16,372)
Amortisation charge	(1,315)	—	(2,800)	(4,115)
Closing net book amount	4,167	42,301	24,356	70,824
<b>At 30 June 2022 (Unaudited)</b>				
Cost	7,733	42,301	28,000	78,034
Accumulated amortisation	(3,566)	—	(3,644)	(7,210)
Net book amount	4,167	42,301	24,356	70,824

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 15 INTANGIBLE ASSETS (Continued)

### (a) Impairment of goodwill

Goodwill of RMB58,673,000 has been allocated to the subsidiaries acquired as a whole for impairment testing. The management conducted a comprehensive review of the operation of the Cash-Generating Unit ("CGU") due to the changing market environment and higher operating costs in 2022, adjusted the profit forecast and recalculated the recoverable amount of the CGU as at 30 June 2022. The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

	As at 30 June 2022	As at 31 December 2021
Annual revenue growth rate for the 5-year period (%)	6%-21%	7%-20%
Gross profit rate (%)	8%	11%-12%
Terminal revenue growth rate (%)	2.5%	2.5%
Pre-tax discount rate (%)	23.20%	23.17%

According to the management's estimation of the recoverable amount of the CGU with the assistance of an independent valuer, which was calculated based on its value in use that was assessed to be higher than its fair value less costs to sell, an impairment loss of RMB16,372,000 (six months ended 30 June 2021: nil) for this CGU was recognised for the six months ended 30 June 2022, resulted in a reduction in the carrying amount of the goodwill from RMB58,673,000 to RMB42,301,000 as at 30 June 2022.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 16 FINANCIAL INSTRUMENTS BY CATEGORY

The Group held the following financial instruments:

### Financial assets

	Note	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
<i>Financial assets at amortised cost</i>			
Trade and notes receivables	18	521,185	760,961
Deposits and other receivables	17	4,477	9,433
Other non-current assets (i)		78,064	73,925
Restricted cash	19	6,276	6,243
Cash and cash equivalents	19	480,658	638,373
<i>Financial assets at fair value through other comprehensive income</i>			
Wealth management products purchased from banks (ii)		—	102,105
<i>Financial assets at fair value through profit or loss</i>			
Wealth management products purchased from banks (ii)		117,124	112,177
Investments in joint ventures at fair value through profit or loss (iii)		39,156	19,946
Contingent consideration receivable (iv)		4,179	—
Derivative financial instruments (iv)		10,787	2,085
		<b>1,261,906</b>	<b>1,725,248</b>

### Financial liabilities

	Note	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
<i>Financial liabilities at amortised cost</i>			
Trade and other payables (excluding accrued payroll and welfare, VAT and surcharges and dividends payable)	21	50,951	63,856
Borrowings		—	5,017
Lease liabilities	22	62,799	77,870
<i>Financial liabilities at fair value through profit or loss</i>			
Contingent consideration payable (iv)		—	4,245
		<b>113,750</b>	<b>150,988</b>

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 16 FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

- (i) Other non-current assets, excluding non-financial asset of prepayment for acquisition of subsidiaries of RMB183,609,000, mainly included long-term loans to employees of approximately RMB69,058,000 (31 December 2021: 64,808,000) and deposits paid for lease contracts of approximately RMB8,301,000 (31 December 2021: RMB8,360,000) that would be repaid at the end of the relevant leasing periods.

The long-term loans to employees were repayable in the year ended 31 December 2024. The interest rate on the loans during the period was 2% (six months ended 30 June 2021: 2%).

The prepayment for acquisition of subsidiaries was approximately RMB183,609,000. In March 2022, the Group entered into a sale and purchase agreement with certain third party, which previously owned 90.91% equity interest in a target company together with its subsidiaries. According to the sale and purchase agreement, the Group would acquire 46% equity interest in the target company. The total consideration is RMB408,020,000 and as at 30 June 2022, the first instalment of RMB183,609,000 was paid on the fulfillment of certain conditions based on the terms of the sale and purchase agreement. The above acquisition was not yet completed as at 30 June 2022.

- (ii) As at 30 June 2022, the Group held certain wealth management products purchased from banks with the amount of approximately RMB117,124,000 (31 December 2021: RMB214,282,000), which will be due within one year.
- (iii) As at 30 June 2022, the Group held certain investments in joint ventures in the form of ordinary shares with substantive preferential rights, which were financial assets designated at fair value through profit or loss.
- (iv) As at 30 June 2022, derivative financial instruments mainly included a call option of approximately RMB8,844,000 (31 December 2021: nil).

In September 2021, the Group entered into sale and purchase agreements ("SPA") with certain third parties, which previously owned 100% equity interest in Jiangnan Finance Technology and Shanghai Lingshi respectively. According to the SPA, the Group would acquire 51% equity interest in Jiangnan Finance Technology and Shanghai Lingshi respectively. The acquisition was completed on 6 November 2021.

Based on the terms of the SPA, the Group was entitled to a call option to acquire additional shares of Jiangnan Finance Technology and Shanghai Lingshi based on the financial performance for the 24 months ending 30 June 2023. As at 6 November 2021, the date of acquisition, and 31 December 2021, the fair values of the call option amounted to Nil respectively. As at 30 June 2022, the fair value of the call option was approximately RMB8,844,000.

Based on the terms of the SPA, the Group was obliged to pay or receive a contingent consideration based on Jiangnan Finance Technology and Shanghai Lingshi's financial performance for the 24 months ending 30 June 2023. As at 31 December 2021, the fair value of the contingent consideration payable was approximately RMB4,245,000 which was booked as financial liabilities at fair value through profit or loss. As at 30 June 2022, the fair value of the contingent consideration receivable was approximately RMB4,179,000 which was booked as financial assets at fair value through profit or loss.

## Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

### 17 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Prepayments	16,867	24,286
Deposits	3,891	5,617
Input VAT deductible	24,457	5,059
Other receivables	1,399	4,128
Less: provision for impairment	(813)	(312)
	<b>45,801</b>	<b>38,778</b>

As at 30 June 2022 and 31 December 2021, the fair value of other receivables of the Group, except for the prepayments and input VAT deductible, which were not financial assets, approximated their carrying amounts.

As at 30 June 2022 and 31 December 2021, the carrying amounts of prepayments, deposits and other receivables were primarily denominated in RMB.

### 18 TRADE AND NOTES RECEIVABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade receivables	532,676	772,936
Less: provision for impairment of trade receivables	(12,055)	(12,918)
Trade receivables - net	520,621	760,018
Notes receivables	564	943
	<b>521,185</b>	<b>760,961</b>

The directors of the Company considered that the carrying amounts of the trade and notes receivables balances approximated their fair values as at 30 June 2022 and 31 December 2021.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 18 TRADE AND NOTES RECEIVABLES (Continued)

The Group generally allows a credit period of 10 to 90 days to its customers. Ageing analysis of trade receivables based on recognition date before provision for impairment was as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade receivables		
– within 3 months	503,720	757,349
– 4 months to 6 months	23,009	7,930
– 7 months to 9 months	2,995	1,170
– 10 months to 12 months	41	535
– Over 12 months	2,911	5,952
	<b>532,676</b>	<b>772,936</b>

### Impairment and risk exposure

The Group applies HKFRS 9 simplified approach to measuring the expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

## 19 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Cash on hand	33	19
Cash at banks	486,901	644,597
Less: restricted cash - current (i)	(3,276)	(241)
restricted cash - non-current (i)	(3,000)	(6,002)
Cash and cash equivalents	<b>480,658</b>	<b>638,373</b>

(i) As at 30 June 2022 and 31 December 2021, restricted cash mainly represented deposits held at bank in relation to provision of bank guarantee for the application of certain operational qualification certificates.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 20 SHARE CAPITAL, SHARE PREMIUM AND SHARES HELD FOR SHARE-BASED PAYMENT SCHEME

Authorised:	Number of ordinary shares	Nominal value of ordinary shares USD
(Unaudited) At 1 January 2022 and 30 June 2022	2,000,000,000	100,000
(Unaudited) At 1 January 2021 and 30 June 2021	2,000,000,000	100,000

Issued:	Number of ordinary shares	Nominal value of ordinary shares		Share premium RMB'000	Shares held for share-based payment scheme RMB'000
		USD	RMB'000		
(Unaudited) At 1 January 2021	156,465,079	7,824	53	2,252,478	(66,609)
Exercise of share options (i)	78,200	4	—	57	—
Dividends declared (Note 23)	—	—	—	(54,708)	—
Acquisitions of shares held for share-based payment scheme (ii)	—	—	—	—	(21,278)
At 30 June 2021	156,543,279	7,828	53	2,197,827	(87,887)
(Unaudited) At 1 January 2022	156,543,279	7,828	53	2,199,102	(87,887)
Exercise of share options (i)	156,600	8	—	111	—
Dividends declared (Note 23)	—	—	—	(32,130)	—
At 30 June 2022	156,699,879	7,836	53	2,167,083	(87,887)

- (i) On April 2021, part of the share options granted under the pre-IPO share option scheme of 78,200 shares at USD0.00005 each were exercised at a weighted average exercise price of USD0.1111 per share. Proceeds of approximately USD9,000 (equivalent to approximately RMB57,000) were raised and the excess over the par value of approximately RMB0 for the 78,200 shares exercised was credited to share premium account subsequently with an amount of approximately RMB57,000.

On January 2022, part of the share options granted under the pre-IPO share option scheme of 156,600 shares at USD0.00005 each were exercised at a weighted average exercise price of USD0.11 per share. Proceeds of approximately USD17,000 (equivalent to approximately RMB111,000) were raised and the excess over the par value of approximately RMB0 for the 156,600 shares exercised was credited to share premium account subsequently with an amount of approximately RMB111,000.

- (ii) Shares held for share-based payment scheme represented shares of the Company that were held by the trustee for the purpose of granting award shares under the post-IPO share award scheme.

During the six months ended 30 June 2021, the trustee acquired 1,024,000 shares (2020: Nil) from the market at a total consideration of approximately HKD25,488,000 (equivalent to approximately RMB21,278,000).

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 21 TRADE AND OTHER PAYABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade payables due to third parties	24,398	21,374
Trade payables due to a joint venture	135	1,359
Accrued payroll and welfare	245,404	454,813
Dividends payable (Note 23)	32,130	—
VAT and surcharges	45,194	70,259
Risk deposit due to customers	10,229	10,068
Payables for acquisition of subsidiaries	—	14,702
Others	16,189	16,353
	<b>373,679</b>	<b>588,928</b>

As at 30 June 2022 and 31 December 2021, all trade and other payables of the Group were unsecured and non-interest bearing. The fair value of trade and other payables, except for accrued payroll and welfare, VAT and surcharges and dividends payable, which were not financial liabilities, approximated their carrying amounts due to short maturities.

As at 30 June 2022 and 31 December 2021, the ageing analysis of the trade payables based on invoice date was as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade payables		
– Within 6 months	23,581	22,697
– 7 months to 12 months	926	36
– Over 12 months	26	—
	<b>24,533</b>	<b>22,733</b>

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 22 LEASE LIABILITIES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
<b>Minimum lease payments due:</b>		
Within 1 year	29,153	30,940
Between 1 and 2 years	25,327	30,806
Between 2 and 5 years	13,128	23,139
	<b>67,608</b>	<b>84,885</b>
Less: future finance charges	<b>(4,809)</b>	<b>(7,015)</b>
	<b>62,799</b>	<b>77,870</b>
<b>Present value of lease liabilities</b>		
Within 1 year	26,318	27,108
Between 1 and 2 years	23,930	28,684
Between 2 and 5 years	12,551	22,078
	<b>62,799</b>	<b>77,870</b>

As at 30 June 2022 and 31 December 2021, the fair value of lease liabilities approximated their carrying amounts.

## 23 DIVIDENDS

No Interim dividends were declared by the Company for the six months ended 30 June 2022.

As at 20 June 2022, the proposal of a final dividend for the year ended 31 December 2021 of HK\$0.24 per ordinary share was approved by the shareholders at the annual general meeting of the Company. The final dividend of approximately HKD37,570,000 (equivalent to approximately RMB32,130,000) (six months ended 30 June 2021: HKD65,748,000 (equivalent to approximately RMB54,708,000)) was distributed from the share premium account and reflected as a dividend payable in this unaudited condensed consolidated interim financial information. In July 2022, all dividends were paid subsequently.

No dividends were paid or declared by the Company for the six months ended 30 June 2021.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 24 RELATED PARTY TRANSACTIONS

### (a) Key management personnel compensation

Key management includes directors (executive and non-executive), chief financial officer, vice president and secretary of the board of directors, the compensation paid or payable to key management for employee services was shown below:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Basic salaries, housing allowances, share options, other allowances and benefits in kind	3,385	2,687
Contribution to pension scheme	22	16
Discretionary bonuses	229	58
	<b>3,636</b>	<b>2,761</b>

### (b) Names and relationships with related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subjected to common control. Members of key management and their close family members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the years presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

### (c) Transactions with a related party

The following transactions occurred with a related party:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Purchase of subcontracting services from a joint venture		
ZhenCheng Group	3,225	—
Xunteng Group	1,461	1,160
	<b>4,686</b>	<b>1,160</b>

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2022

## 24 RELATED PARTY TRANSACTIONS (Continued)

### (d) Balances with a related party

The following balance was outstanding at the end of the reporting period in relation to transactions with a related party:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade payables Xunteng Group	135	1,359

## 25 COMMITMENTS

### (a) Non-cancellable operating leases

The Group leased IT-equipment and other small items of office furniture during the periods. The total commitment amount was not material.

### (b) Capital commitments

Significant capital expenditure contracted for, but not recognised as liabilities was as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Property, plant and equipment	1,309	1,034

## 26 CONTINGENT LIABILITIES

As at 30 June 2022 and 31 December 2021, the Group had no material contingent liabilities.

## 27 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Other than the paid final dividend described in Note 23, there was no significant event of the Group occurred after the balance sheet date.