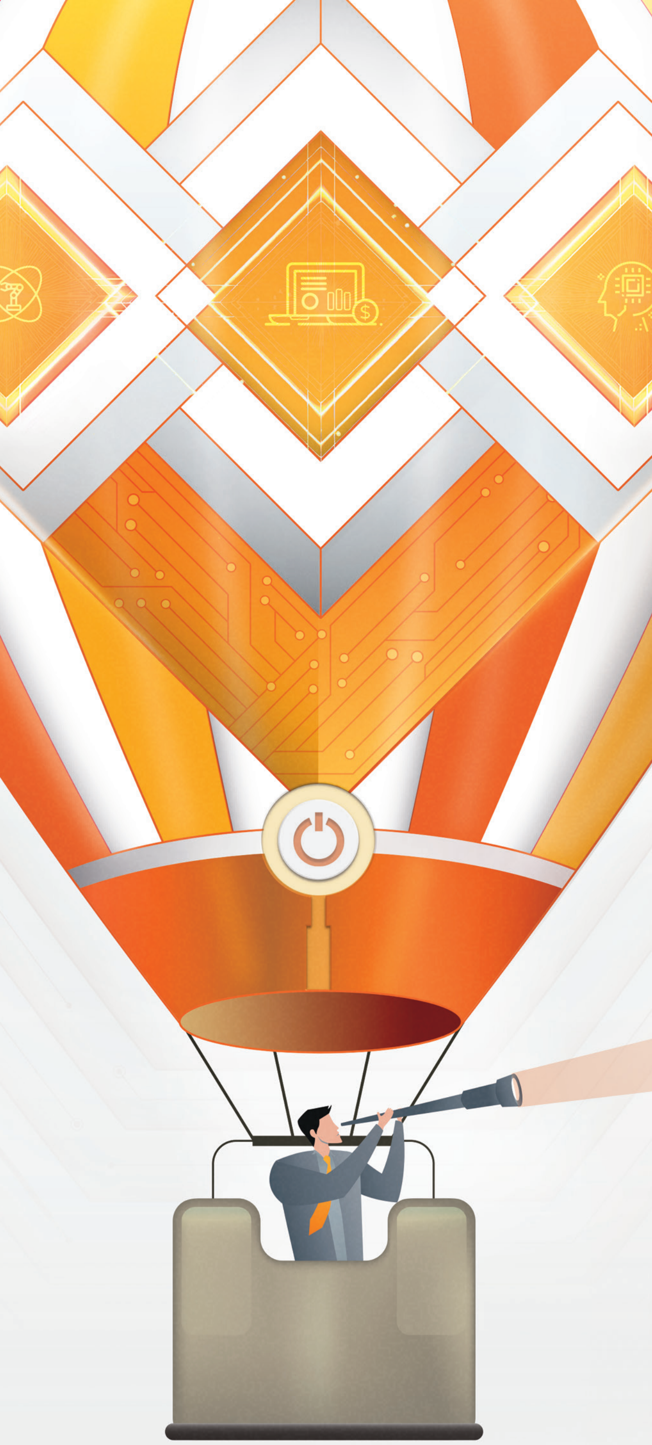
ANNUAL REPORT 2024

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



Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Chen Rui

Independent Non-executive Directors

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

JOINT COMPANY SECRETARIES

Ms. Chen Chen (resigned on 13 December 2024)
Mr. Li Wenjia (appointed on 13 December 2024)
Ms. Siu Pui Wah

AUTHORIZED REPRESENTATIVES

Mr. Zhang Feng
Ms. Siu Pui Wah

AUDIT COMMITTEE

Mr. Leung Ming Shu *(Chairman)*
Ms. Chan Mei Bo Mabel
Mr. Shen Hao

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. Chen Rui *(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

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

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

COMPANY WEBSITE

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

Standard Chartered Hong Kong Branch
China Merchants Bank Co., Ltd.
Bank of China Limited

Financial Summary

CONDENSED CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	**5,473,251**	4,472,172	3,638,203	4,739,146	2,830,052
Gross profit	**498,831**	422,498	184,700	251,789	270,864
Operating (loss)/profit	**(23,270)**	82,793	11,445	116,816	198,541
(Loss)/profit before income tax	**(39,464)**	74,579	12,888	120,428	208,394
(Loss)/profit for the year attributable to equity holders of the Company	**(70,970)**	41,045	(7,303)	101,667	182,616
(Loss)/earnings per share (expressed in RMB per share)					
– Basic (loss)/earnings per share	**(0.47)**	0.27	(0.05)	0.66	1.19
– Diluted (loss)/earnings per share	**(0.47)**	0.26	(0.05)	0.61	1.07
Non-HKFRS measures					
Adjusted profit attributable to the equity holders of the Company[1]	**87,888**	68,249	5,711	108,503	182,940

CONDENSED CONSOLIDATED BALANCE SHEET

	For the year ended 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Assets					
Non-current assets	**402,171**	537,579	631,668	340,291	125,114
Current assets	**2,248,878**	1,753,778	1,496,219	1,652,635	1,644,808
Total assets	**2,651,049**	2,291,357	2,127,887	1,992,926	1,769,922
Equity					
Total equity	**1,418,884**	1,504,528	1,449,594	1,277,732	1,236,063
Liabilities					
Non-current liabilities	**30,341**	18,614	37,169	57,551	40,785
Current liabilities	**1,201,824**	768,215	641,124	657,643	493,074
Total liabilities	**1,232,165**	786,829	678,293	715,194	533,859
Total equity and liabilities	**2,651,049**	2,291,357	2,127,887	1,992,926	1,769,922

KEY FINANCIAL RATIO

	For the year ended 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Gross margin (%)	**9.1**	9.4	5.1	5.3	9.6
Adjusted net margin attributable to the equity holders of the Company (%)(2)	**1.6**	1.5	0.2	2.3	6.5
Adjusted trade receivables, contract assets and notes receivables turnover days (days)(3)	**96**	86	80	44	48
Adjusted current ratio (times)(4)	**1.9**	2.2	2.0	1.6	1.6

Notes:

(1) Adjusted profit attributable to the equity holders of the Company refer to the profit attributable to the equity holders of the Company excluding items which do not relate to the ordinary course of business of the Group and are non-recurring in nature, including amortisation of intangible assets resulting from acquisition, impairment of goodwill, net fair value gain or loss in relation to equity investments and share-based payment expenses. Adjusted profit attributable to the equity holders of the Company are not measures required by or presented in accordance with HKFRS. The use of such non-HKFRS measures has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of, the Company's results of operations or financial condition as reported under HKFRS. Please refer to the paragraph headed "Non-HKFRS Measures" under "MANAGEMENT DISCUSSION AND ANALYSIS - FINANCIAL REVIEW" in this annual report for more details.

(2) Adjusted net margin attributable to the equity holders of the Company is calculated as the adjusted profit attributable to the equity holders of the Company as a percentage of the revenue for the year.

(3) Calculated as the average balance of trade receivables, contract assets and notes receivables (excluding the labour costs arising from provision of labour dispatch services and VAT) at the beginning and end of a year divided by revenue in the year then multiplied by the number of days in the year.

(4) Adjusted current ratio is calculated as the adjusted current assets divided by the current liabilities at the end of each financial year. The adjusted current assets is defined as the current assets excluding the Net Proceeds received and unutilised, where applicable.

Chairman's Statement

We will firmly focus on the opportunities presented by the industrial reform of human resources due to the digital transformation and international development of Chinese enterprises. Comprehensive solutions for IT talents will be provided catering for customer requirements. We leverage the localized service capabilities in various countries and regions around the world and the implementation of the global expansion strategy to facilitate the global layout of Chinese enterprises.

Mr. Zhang Jianguo
Chairman, Executive Director & CEO

Dear Shareholders,

On behalf of the board of directors and the management of Renrui Human Resources Technology Holdings Limited, I hereby present the annual report for the financial year ended 31 December 2024 to our shareholders.

Over the past year, amidst a complex and severe economic environment, the enterprises have accelerated the digital transformation and internationalization process to further unleash demand for comprehensive flexible staffing supported by the continuous implementation of the national "14th Five-Year Plan" and the digital economy strategy. Against such backdrop, the human resources industry has also seen opportunities for changes. The Group has always adhered to the vision of "becoming a world-class influential provider of human resources integrated services", kept abreast of the market development, and made remarkable achievements in its business development of IT talents business, global layout and construction of an integrated HR ecosystem.

BUSINESS REVIEW: STEADY GROWTH AND STRUCTURE OPTIMIZATION

The Company recorded revenue of approximately RMB5,473.3 million, representing a year-on-year increase of approximately 22.4%, with gross profit of approximately RMB498.8 million, representing a year-on-year increase of approximately 18.1% for the year ended 31 December 2024, which was attributable to the fact that the Company has firmly grasped the market opportunity to advance digital transformation, stepped up its efforts to develop digital technology and cloud services as the Group's second growth engine, and constantly refined the operation of the general service outsourcing business, thereby maintaining the growth of the above two businesses. In particular, for the year ended 31 December 2024, the revenue generated from digital technology and cloud services was approximately RMB2,144.5 million, representing a year-on-year increase of approximately 22.4%, accounting for approximately 39.1% of the Group's overall revenue. As at 31 December 2024, the number of IT talents on exceeded 11,800, serving clients across the internet, communications and automotive sectors, etc.

However, the Group recorded a loss for the year, despite the growth in both revenue and gross profit. As the financial performance and business growth of Shanghai Sirui failed to meet the expectations of the Group, the board of directors of the Group decided to dispose of the entire equity interests in Shanghai Sirui held by the Company pursuant to agreement entered into on 10 March 2025. In addition, taking into account the recent operational conditions and financial performance of Shanghai Sirui and future market outlook, the Group recognised an impairment provision of approximately RMB130.9 million on the goodwill arising from the acquisition of Shanghai Sirui in the consolidated financial statements for the year ended 31 December 2024. As a result, for the year ended 31 December 2024, the Group recorded a loss for the year amounting to approximately RMB58.2 million. I deeply apologize to all shareholders for this, and believe that this matter will not have material adverse impact on the Group's profit for the year ending 31 December 2025. Leveraging our service experience in the human resources industry over the years and the outstanding performance in the organic growth of digital technology and cloud services for two consecutive years, coupled with the ongoing global expansion strategy, we are confident that the Group will be able to continuously maintain a rapid business growth and a swift return to profitability in the future, further bringing returns to our shareholders.

TECHNOLOGY-DRIVEN FORCES: EFFICIENCY AND QUALITY ENHANCEMENT

The Group has insisted on independent research and development of an integrated HR ecosystem for years, which has covered the whole business process from customer development to sales contract signing, recruitment, payroll accounting for flexible staffing employees and personnel management after years of system construction. The newly launched workbench encompasses four business segments, namely sales, recruitment, delivery and settlement, which facilitates the convenience of remote management and avoids the information discrepancy in task relay. Besides, headquarters management publish release systems and incentive programs, share project cases and learning materials for experience and knowledge sharing on this workbench. It is easier for all employees to thoroughly understand their respective performance achievement progress by detailing performance targets for individuals and displaying them on their own workbench. Key operational and financial metrics tracked through the workbench are displayed in the relevant operational data dashboards, which could provide intuitive and timely feedback to managers in each business group at headquarters on employee performance and tracking of goal achievement. By utilising our integrated HR ecosystem, we have further enhanced staff efficiency, with an increase in the adjusted profit (non-HKFRS) per capita for the year from approximately RMB100,900 per person for the year ended 31 December 2023 to approximately RMB105,100 per person for the year ended 31 December 2024.

STRATEGIC UPGRADE: A FOCUS ON THREE CORE BUSINESS ORIENTATIONS

After years of operation in the IT talents business since our listing, the digital technology and cloud services have begun to take shape as the Group's second growth engine. In addition, in terms of our service industry distribution, relying on the establishment and development of our business department in the past few years, we have expanded the comprehensive flexible staffing services to other industries beyond the internet sector with traditional service advantages, including communications and automotive, finance and retail sectors. By virtue of our success in building our second growth engine and diversifying our service industries, we are more confident in implementing our global expansion strategy. In the coming year, we will continue to invest in our international business and accelerate the establishment of overseas subsidiaries. We will also promote overseas operations of Chinese companies by building a network that is available to more than 20 countries and regions around the world to provide localized HR services for our clients. Based on our continuous efforts in independent research and development and upgrade of the integrated HR ecosystem, we also invest in the Wanmayoucai recruitment platform, utilizing artificial intelligence technology to enhance our recruitment effectiveness and gradually form the Group's recruitment barriers in IT talents.

At the same time, we also actively take on enterprise social responsibilities. The Group joined more than 10 industry associations including Human Resources Service Industry Committee of All-China Federation of Industry and Commerce, with a view to promoting a sound development of the human resources industry with industry peers through regular participation in industry association seminars and release of research reports on the human resources industry. Additionally, the Group also actively participated in and organized industry summits, summit forums and themed salons and other forms of activities to share its human resources management experience with entrepreneurs and human resources practitioners, and to help enterprises develop new ideas in the selection of recruitment and employment to achieve flexible staffing in 2024.

Our achievements made in 2024 is inseparable from the trust of our shareholders, the support of our customers and the arduous efforts of all colleagues. Looking ahead, we will remain committed to our core value of being client-centered, pursue the organic growth, and improve our services with client demand oriented, in order to provide more comprehensive and integrated human resources services for our clients. On this ground, we will gradually build a vibrant moat for the long-term sustainable development of the Group and create greater value for our shareholders.

Management Discussion and Analysis

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

In 2024, in the face of a complex and severe situation arising from increasing external pressures and accumulating internal difficulties, the PRC government launched a package of policies in a timely manner, which has intensified macroeconomic control, effectively boosted social confidence, and promoted a significant economic recovery. According to the PRC 2024 Gross Domestic Product ("**GDP**") Preliminary Results (2024年國內生產總值初步核算結果) issued by the National Bureau of Statistics on 18 January 2025, a 5% year-on-year growth in GDP was ultimately achieved. The Group has also proactively leveraged on the opportunities arising from the government's macro-control policies by focusing its business development on IT talents business. Against the backdrop of the digital transformation of enterprises and the national trend of promoting new quality productivity and high-quality development, the gap in the market for IT talents continues to widen, with demand outstripping supply.

The Group has firmly seized the opportunity arising from the high demand for IT talents during the digital transformation of enterprises and focused its strengths on the development of digital technology and cloud services. As at 31 December 2024, the number of the Group's IT talents reached 11,834, representing an increase of 2,365, or approximately 25.0%, as compared to 9,469 as at 31 December 2023. Among them, the organic growth of the number of IT talents reached 6,899 as at 31 December 2024, representing an increase of 1,827 persons, or approximately 36.0%, as compared with 5,072 as at 31 December 2023. In addition, the number of comprehensive flexible staffing employees for general service outsourcing reached 26,319 as at 31 December 2024, representing an increase of 3,399, or approximately 14.8%, as compared to 22,920 as at 31 December 2023. The organic growth in the number of comprehensive flexible staffing employees enabled the Group to achieve revenue of approximately RMB5,473.3 million and gross profit of approximately RMB498.8 million for the year ended 31 December 2024. However, the impressive performance of organic growth cannot overshadow the impact of the financial performance and business growth of the Company's non-wholly owned subsidiary, Shanghai Sirui, which failed to meet the Group's expectations. Therefore, after giving due consideration to the recent operating results and cash flows of Shanghai Sirui and taking into account the future market outlook, the Group recorded an impairment provision of approximately RMB130.9 million against the goodwill arising from the acquisition of Shanghai Sirui in its financial statements for the year ended 31 December 2024. As a result, the Group recorded loss for the year and loss attributable to the equity holders of the Company for the year ended 31 December 2024 amounting to approximately RMB58.2 million and RMB71.0 million, respectively. The Board and senior management of the Company deeply apologize for this.

BUSINESS REVIEW

Steady Development of Main Business and Continuous Speedy Organic Growth

Looking back to 2024, stable growth was shown in the revenue from each business line of the Group. The Group's revenue increased from approximately RMB4,472.2 million for the year ended 31 December 2023 to approximately RMB5,473.3 million for the year ended 31 December 2024, representing an increase of approximately RMB1,001.1 million or 22.4%. Of which, during the year ended 31 December 2024, revenue generated from general service outsourcing amounted to approximately RMB3,010.1 million, representing an increase of approximately RMB594.4 million or 24.6% as compared to approximately RMB2,415.7 million for the year ended 31 December 2023; revenue generated from digital technology and cloud services amounted to approximately RMB2,144.5 million for the year ended 31 December 2024, representing an increase of approximately RMB392.0 million or 22.4% as compared to approximately RMB1,752.5 million for the year ended 31 December 2023; and revenue generated from digital operation and customer services amounted to approximately RMB270.5 million for the year ended 31 December 2024, representing an increase of approximately RMB11.2 million or 4.3% as compared to approximately RMB259.3 million for the year ended 31 December 2023. The revenue growth was attributable to the increase in the number of employees for various business lines under the comprehensive flexible staffing services and the number of comprehensive flexible staffing employees increased from 35,908 at at 31 December 2023 to 41,868 at at 31 December 2024. In particular, the number of comprehensive flexible staffing employees acquired through organic growth increased from 29,903 as at 31 December 2023 to 35,736 as at 31 December 2024.

Management Discussion and Analysis

Digital technology and cloud services

As the priority of development was set to be digital technology and cloud services in recent years, the Group reorganized its internal structure and established a second business group, which mainly focused on cultivating customers' demand for comprehensive flexible staffing of IT talents. Therefore, over 2,000 comprehensive flexible staffing employees were added to the digital technology and cloud services in each of 2023 and 2024 for two consecutive years. As at 31 December 2024, we have around 11,834 IT talents seconded to our clients, among which Internet, communications and automotive sectors accounting for approximately 21.9%, 17.1% and 16.0%, respectively, with around 27 clients each engaging over 100 flexible staffing employees. We actively responded to the demand for AI technological talents during enterprise digital transformation. In 31 December 2024, the Group provided 507 comprehensive flexible staffing employees for positions that are closely related to AI technology, including AI trainer, data algorithm engineer and AI product tester. In addition, evolving digital technology and cloud services made an impressive contribution to the gross profits of the Group. For the year ended 31 December 2024, the gross profit generated from the Group's digital technology and cloud services achieved approximately RMB275.4 million, representing an increase of approximately RMB34.8 million or 14.5% as compared to approximately RMB240.6 million for the year ended 31 December 2023. For the year ended 31 December 2024, the gross profit from digital technology and cloud services accounted for approximately 55.2% of the Group's overall gross profit.

General service outsourcing

General service outsourcing business remains in a stable development status acting not only as the foundation of revenue and profits growth of the Group but also the solid backup for the Group's new businesses, such as digital technology and cloud services, as well as the global expansion strategy. During the year ended 31 December 2024, revenue generated from general service outsourcing amounted to approximately RMB3,010.1 million, representing an increase of approximately RMB594.4 million or approximately 24.6% as compared to approximately RMB2,415.7 million for the year ended 31 December 2023. We uphold the operating strategy of serving large-scale client. The revenue growth of general service outsourcing businesses was mainly driven by rising staffing demand from our strategic customers with a significant rise in staffing demand of new customers. While we are committed in serving the technology and internet industries, we have also diversified our customer base to include retail, finance, new energy vehicles and other industries. As at 31 December 2024, we have around 26,319 general service talents seconded to our clients, among which technology and internet, finance and retail industries accounting for approximately 68.9%, 12.6% and 9.6%, respectively. In terms of the position of seconded staff, in addition to our traditional strengths in customer service and information review positions, we have also expanded into positions with higher service value and longer service term, such as middle and back office operations, human resources and administration. In order to meet client's satisfaction on staffing demand, we keep offering candidates who are suitable for different job requirements. This can bring us more cooperation opportunities with new and existing customers and deepen their engagement. As at 31 December 2024, the Company supplied 5,131 comprehensive flexible staffing employees to middle and back office operations, human resources and administration positions. In the context of client retrenchment amid increasing uncertainties affecting macroeconomic growth, the extension of our service to positions with higher service value and longer service term can partially offset the pressure brought by offering customer service and information review positions only and further improve the gross margin of general service outsourcing business.

Digital operation and customer service

During the year ended 31 December 2024, digital operation and customer service recorded revenue of approximately RMB270.5 million, representing an increase of approximately RMB11.2 million or 4.3% as compared to approximately RMB259.3 million for the year ended 31 December 2023. As at 31 December 2024, the number of comprehensive flexible staffing employees providing digital operation and customer service were about 3,715, representing an increase of approximately 196 compared to approximately 3,519 as at 31 December 2023. In 2022 and 2023, the Company had shut down some digital operation and customer service centers with low operational efficiency and concentrated on those scalable and promising ones in Yingkou, Chengdu and Tai'an. At the same time, we have concentrated on improving the operational efficiency of our digital operation and customer service business, while seeking ways to enhance product gross profit margins. The businesses' gross profit margin increased by approximately 0.8 percentage points to approximately 14.8% for the year ended 31 December 2024 from approximately 14.0% for the year ended 31 December 2023.

Recruitment

During the year ended 31 December 2024, revenue generated from professional recruitment business decreased by approximately RMB5.1 million to approximately RMB24.3 million from approximately RMB29.4 million for the year ended 31 December 2023. In 2024, we only recruited 4,512 employees for customers. Our customers acted cautiously on staff expansion as economic growth faced various difficulties and challenges in respect of both the internal and external environments. They preferred to procure services for certain positions from human resources service provider in the form of flexible staffing, so as to reduce costs, which elevates the needs for comprehensive flexible staffing employees. Hence, we dedicated to enlarging the number of comprehensive flexible staffing employees and bringing the Group an on-going revenue. During the year ended 31 December 2024, we recruited a total 40,691 staff members for customers, which include, in addition to the 4,512 employees recruited under professional recruitment business, 34,853 comprehensive flexible staffing employees and 1,326 employees for dispatching and other human resource resolutions. The recruited comprehensive flexible staffing employees consist of 19,732 for general service outsourcing business, 10,238 for digital technology and cloud services and 4,883 for digital operation and customer service.

International business

During the period from 2020 to 2022, the Company and its global human resource partners made a joint effort to build a service system, offering local HR services for the overseas business of some of our customers. Relying on that, in 2024, the Group determined to further emphasize our local service capabilities under international businesses in various overseas markets, rolling out our global expansion strategy. As at 31 December 2024, the Group established subsidiaries in 12 countries and regions including Malaysia, Vietnam and Thailand, of which the Group first started local flexible staffing service in Malaysia. Meanwhile, we also dispatched managers based in Malaysia, Vietnam, Thailand, and Indonesia to form local service teams. The Company's international business prioritised supporting the Chinese companies that the Group already served to expand overseas by providing local human resources services including comprehensive flexible staffing, professional recruitment and work visa application. For the year ended 31 December 2024, the international business generated revenue of approximately RMB19.6 million.

Research and development (R&D) of the integrated HR ecosystem

In 2024, we made further investments in the R&D on the foundation of our original integrated HR ecosystem, in order to ensure that the Group's HR ecosystem remains at the forefront of the industry. The Group recorded R&D expenses of approximately RMB60.5 million taking into account R&D expenses incurred by Shanghai Sirui.

(a) Development of New Systems and Platforms

In 2024, we completed the development of Rui Ma, a WeChat mini program, designed for the service and management of IT talents. Building on the traditional comprehensive flexible staffing employee service and management platform, which includes functions such as clocking in, attendance, onboarding and offboarding procedures, and internal referrals, we added features tailored to the specific employment needs of IT talents, including skill training, promotion of information security awareness and employee feedback channels.

In line with the existing national social security and housing fund collection and management model, we have initiated the development of a dedicated platform for social security and housing fund management. This platform centralises the calculation and payment of social security and housing funds for employees under general service outsourcing employees, IT talents, digital operations and customer service employees, as well as internal employees. We have also gradually integrated it with the national collection system to ensure that the management of employees' social security and housing fund contributions is synchronised with the employee register. In practice, the platform provides immediate feedback on social security and housing fund deductions, allowing for the verification of discrepancies between the calculated amounts and actual payments. This ensures timely contributions and prevents underpayments or missed payments.

(b) Optimisation of Existing Systems and Platforms

We further optimised the client management system by adding a business dashboard. Through the dashboard, we can now manage the targets for sales personnel online by allocating the collection targets of trade receivables to each sales representative, and associating these with the sales representative's bonus calculation and budget for entertainment, travel expenses and other expenditures. This function helps encourage sales representatives to take greater initiative in their roles.

We developed an operational data dashboard for better management of our internal employees, with a particular focus on employee performance management. The dashboard provides a more intuitive and timely way to provide feedback on employee performance to the managers of each business unit, allowing for effective tracking of target achievement.

To meet the growing management demands driven by the increasing number of IT talents, the Group has further optimised Ruizhi System, the management system for outsourcing IT talents. This enhancement has enabled the automatic generation of billing statements for clients and its integration with Rui Ma, the newly developed WeChat mini program.

By utilising our integrated HR ecosystem, we have further enhanced staff efficiency. The adjusted profit per capita generated by our internal staff in the past two years is set out as follows:

	2024	2023
Adjusted profit for the year (non-HKFRS) (RMB'000) (1)	**114,390**	105,125
Average number of internal employees (2)	**1,088**	1,042
Adjusted profit per capita for the year (non-HKFRS)(RMB'000/person)	**105.1**	100.9

Notes:

(1) Adjusted profit for the year refers to the profit for the year excluding items which do not relate to the ordinary course of business of the Group and are non-recurring in nature, including amortisation of intangible assets resulting from acquisition, impairment of goodwill, net fair value gain or loss in relation to equity investments and share-based payment expenses. Adjusted profit for the year is not measures required by or presented in accordance with HKFRS. The use of such non-HKFRS measures has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of, the Group's results of operations or financial condition as reported under HKFRS. Please refer to the paragraph headed "Non-HKFRS Measures" under "MANAGEMENT DISCUSSION AND ANALYSIS - FINANCIAL REVIEW" in this annual report for more details.

(2) The average number of internal employees for a year was calculated by adding the number of internal employees at the end of a given year with the number of internal employees at the end of the previous year and divided by two.

HR

As at 31 December 2024, we had a total of 44,058 employees including 1,168 internal employees, 41,868 comprehensive flexible staffing employees and 1,022 labour dispatch employees. All of our internal employees hold a university degree or higher, and their strong educational 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 31 December 2024:

Function	Number of Employees	% of total Employees
Internal Employees		
— Senior management	4	0.0
— R&D (Note (i))	143	0.3
— Sales and marketing	118	0.3
— Project management/execution	733	1.7
— Others (Note (ii))	170	0.4
Subtotal	1,168	2.7

Function	Number of Employees	% of total Employees
Contract Employees		
— Comprehensive flexible staffing employees	41,868	95.0
— Labour dispatch employees	1,022	2.3
Subtotal	42,890	97.3
Total	44,058	100.0

Notes:

(i) Including 120 R&D employees at Shanghai Sirui.

(ii) Others mainly include back-office support staff, such as legal department, finance department, and HR department.

Management Discussion and Analysis

OUTLOOK AND FUTURE STRATEGY

Deeply Cultivate the Digital Transformation Needs of Enterprises to Grasp the Market Potential Brought by AI Technology

As disclosed in the announcement of the Group published on 10 March 2025, upon completion of the disposal of Shanghai Sirui, the Group would have no interest in Shanghai Sirui, which would cease to be a subsidiary of the Company and its financial results would cease to be consolidated into the Group's financial statements. Nevertheless, as the PRC government continues to advocate new quality productivity and promote high-quality development to drive digital transformation in various industries, the Group is expected to continue to its growth trend by virtue of its experience in information technology talent recruitment, personnel management and service accumulated over the past few years and through continuous improvement of operational efficiency and service quality. The Group aims to drive sustained and rapid growth in digital technology and cloud services through organic expansion.

The recruitment and management of information technology talents play an important role in the digital transformation of enterprises. Starting with talent recruitment, the Group combines personnel management, performance management, employee qualification assessment and career development planning to help customers achieve an effective connection between talent management and business development.

In addition, on 7 March 2025, the Group entered into a joint venture agreement with Beyondsoft Shanghai, a subsidiary of Beyondsoft Corporation to establish a joint venture for providing IT talent services. Beyondsoft Corporation agreed to, depending on business conditions, refer its customers in demand for the IT talent services to the joint venture entity and/or subcontract existing contracts with certain customers for the provision of IT talent services to the joint venture entity as contemplated under the joint venture agreement. As a result, the establishment of the joint venture entity represented a good opportunity for the Group to gain access to reputable clientele leveraging on the existing resources and technical capabilities of Beyondsoft Corporation and further expand the provision of IT talent services, so as to bring new momentum to the growth of the Group's digital technology and cloud services.

Implement a Global Expansion Strategy to Expand Our Services into New Markets

In order to have more opportunities to serve Chinese companies operating overseas, we plan to complete the goal of establishing subsidiaries in over 20 countries and regions around the world in 2025, in light of the fact that we have already established subsidiaries in 12 countries and regions around the world in 2024. Meanwhile, we will focus on the operations in five countries and regions in 2025, namely Hong Kong, Vietnam, Malaysia, Thailand and Indonesia to gradually establish local recruitment, salary accounting and service teams, thus providing recruitment, general service outsourcing, digital technology and cloud services and work visa services to Chinese enterprises in these countries and regions. In addition, we will also select 1 or 2 countries around the world with cost advantages and stable policies to establish digital operation and customer service centers, developing multilingual digital operation and customer services.

In the process of international business development, the Group is progressively developing an information system of recruitment, salary accounting and personnel management in combination with the needs of customers and the regulatory frameworks of the places where we operate, which not only ensures the compliance operation of local business through the system, but also improves management efficiency.

On top of the four national managers we have already dispatched, we will continue to send more national managers based on business development. Leveraging our service experience in China and the Group's established training system for recruitment consultants, comprehensive flexible staffing service personnel and salary accounting personnel, we aim to cultivate a pool of local management talents to provide long-term support for Chinese enterprises operating in these countries.

Create an Ecological Chain of Talents and Build Competitive Barriers to Enhance Service Value

As an investee company of the Group, the Wanmayoucai recruitment platform specialises in IT talent recruitment. Compared to other online recruitment platforms, Wanmayoucai offers the following distinctive features:

For Job Seekers:

Based on the records of job seekers' professional skills and job-seeking behaviours, combined with client's recruitment needs, and leveraging AI technologies, Wanmayoucai has developed a full-cycle growth system that spans from candidate's career planning to job-seeking assistance and talent development, covering career positioning, competency assessment, simulated interview, resume optimisation, job-matching, skill enhancement, and other functions. AI-driven insights into candidates' preferences allow the platform to provide job recommendations and skill enhancement programes, offering continuous support from career uncertainty to rapid professional growth. This enables IT talents to enhance their skills and develop professional skills that are compatible with their intended positions.

For Employers:

Enpowered by the four leading AI technologies such as Ernie Bot, Qwen, iFlytek Spark and DeepSeek, Wanmayoucai has built a competency model covering a wide range of IT positions. By developing skills of the position and mapping them against candidates' capabilities based on the information obtained from intelligent matching, AI-driven communication and smart testing, the platform automatically generates job-candidate matching reports, empowering HR departments and recruitment consultants to improve hiring efficiency. This revolutionises traditional recruitment methods, which rely solely on CV assessments. Additionally, it increases the reuse rate of candidates by enabling those registered on Wanmayoucai recruitment platform to be recommended to multiple companies.

With the above-mentioned advantages of Wanmayoucai recruitment platform, the Group's recruiting consultants have been able to access candidates at a lower cost, improve recrutment efficiency and speed up the recruitment, which gradually forms the Group's recruitment barriers in IT talents.

Insist on Organic Growth and Build a Vibrant Moat for Long-Term Sustainable Development

Establishing a dynamic competitive advantage for a human resources company is no easy feat. Therefore, the Group will meet the ever-changing demands of clients through market expansion, product innovation and technological advancements.

In terms of market expansion, we are consolidating our leading position in domestic market while strategically expanding globally. Our international strategy is to continue serving the clients we already cooperated with in China and support their global expansion by providing localised HR services for their subsidiaries outside China. Through this global strategy, we are transitioning from meeting a single demand of our clients to offering services that address their multidimensional needs, and shifting from one-time transactions to long-term partnerships.

In terms of product innovation, after years of focusing on the IT talent demands in industries such as new energy vehicles, the internet and intelligent manufacturing, the number of IT talents of the Group has reached 11,834. Throughout the years, we have gradually developed a "Iron Triangle" flexible staffing service system that achieved customised recruitment, standardised labour management and systematic business management. We are confident that our flexible staffing service for IT talents will rank among the industry's top tier. Additionally, we aim to develop the digital technology and cloud services as the Group's second growth engine to drive long-term business growth.

In terms of technological innovation, the Group will (i) further improve the integrated human resources ecosystem by continuously developing new features and improving data dashboard to meet business needs; and (ii) the Wanmayoucai recruitment platform, an investee of the Group, will continue to explore AI applications in recruitment to enhance efficiency and accuracy, and gradually develop a long-term growth of talent ecology between the platform and candidates. By integrating the new recruitment platform into the Group's recruitment business and leveraging the well-established advantages of the Group, we aim to systematically build a solid advantage in recruitment technology and efficiency.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2024, the total revenue of the Group amounted to approximately RMB5,473.3 million, representing an increase of approximately RMB1,001.1 million or 22.4% as compared to approximately RMB4,472.2 million for the year ended 31 December 2023. This was attributable to the growth in all business segments of the Group.

The Group's revenue by respective business segments for the year ended 31 December 2024 are as follows:

	2024		2023	
	Revenue RMB'000	% of total revenue	Revenue RMB'000	% of total revenue
Comprehensive flexible staffing	5,425,024	99.1	4,427,506	99.0
Professional recruitment and other HR solutions	48,227	0.9	44,666	1.0
Total	5,473,251	100.0	4,472,172	100.0

Adhering to our strategy of focusing on serving large-scale clients, we recorded a revenue of approximately RMB1,916.7 million from our top five clients for the year ended 31 December 2024, accounting for approximately 35.0% of the total revenue for the year, with the largest client accounting for approximately 11.3% of the total revenue for the year. We have been continuously optimizing our client structure and mitigating the high concentration risk of single large client. The average years of cooperation with our top ten clients was approximately 7.7 years. After years of dedicated efforts in expanding our client base within the intelligent manufacturing sector, we achieved a significant milestone in the year ended 31 December 2024. A renowned automotive manufacturer and a leading provider of communication products and solutions ranked among our top ten clients, underscoring the Group's enhanced capability in delivering comprehensive human resources solutions across diverse industries. We established a business department to actively explore clients beyond internet sector in 2022. After years of operation, revenue from industries including Internet, high-tech and high-end manufacturing industry covering automotive and communications, finance and retail accounted for approximately 53.0%, 21.1%, 9.4% and 4.3% for the year ended 31 December 2024.

Comprehensive Flexible Staffing

The Group's revenue from comprehensive flexible staffing services for the year ended 31 December 2024 amounted to approximately RMB5,425.0 million, representing an increase of approximately RMB997.5 million or 22.5% as compared to approximately RMB4,427.5 million for the year ended 31 December 2023, mainly driven by the increased number of the comprehensive flexible staffing employees. The number of the Group's comprehensive flexible staffing employees increased by 5,960 from 35,908 as at 31 December 2023 to 41,868 as at 31 December 2024, representing an increase of approximately 16.6%. Among which: (i) for general service outsourcing, we proactively expanded demand for flexible staffing by new industries other than technology and internet, exploring cost reduction and efficiency improvement for customers through the adoption of flexible staffing for middle-back-office operations, human resources, and administrative and other positions. As at 31 December 2024, our number of employees under general service outsourcing provided to clients reached 26,319 personnel, representing an increase of 3,339 personnel or approximately 14.8% compared with 22,920 personnel recorded as at 31 December 2023; and (ii) amid the digital transformation of Chinese enterprises, the Group has, in recent years, strategically advanced digital technology and cloud services to seize emerging market opportunities. As at 31 December 2024, our number of IT talents provided to clients reached 11,834 professionals, representing an increase of 2,365 or approximately 25.0% from that of 9,469 as at 31 December 2023. For the year ended 31 December 2024, we recruited 34,853 comprehensive flexible staffing employees, among which 10,238 are IT talents.

The monthly turnover rate of comprehensive flexible staffing employees was approximately 6.8% for the year ended 31 December 2024, representing a decrease from approximately 8.3% for the year ended 31 December 2023. In addition to the declining willingness of comprehensive flexible staffing employees to voluntarily resign amid the complex and challenging economic climate, through our integrated human resources ecosystem and data dashboard, the flexible staffing delivery and service management team can monitor employee changes in each project in real time. For projects with high turnover rate, we collaborate with on-site service teams to analyze issues and propose tailored solutions. These include enhancing employee care during induction training period and improving recruitment accuracy by gaining a deeper understanding of client requirements for candidates and communicating the same to the recruitment team. By leveraging the system, we connect remote management with localised on-site services to lower the turnover rate of comprehensive flexible staffing employees.

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

	For the year ended 31 December			
	2024		2023	
	Revenue RMB'000	**% of total revenue**	Revenue RMB'000	% of total revenue
General service outsourcing	**3,010,094**	**55.5**	2,415,680	54.6
Digital technology and cloud services	**2,144,475**	**39.5**	1,752,526	39.6
Digital operation and customer services	**270,455**	**5.0**	259,300	5.8
Total in comprehensive flexible staffing services	**5,425,024**	**100.0**	4,427,506	100.0

Management Discussion and Analysis

For the year ended 31 December 2024, revenue from general service outsourcing was approximately RMB3,010.1 million, representing an increase of approximately RMB594.4 million or approximately 24.6% from approximately RMB2,415.7 million for the year ended 31 December 2023. For the year ended 31 December 2024, the revenue generated from digital technology and cloud services was approximately RMB2,144.5 million, of which: (i) revenue from organic growth amounted to approximately RMB1,200.2 million; and (ii) revenue contributed by Shanghai Sirui amounted to approximately RMB944.3 million. Revenue from digital technology and cloud services for the year ended 31 December 2024 increased by approximately RMB392.0 million or 22.4% compared to approximately RMB1,752.5 million for the year ended 31 December 2023. Revenue from digital operation and customer services was approximately RMB270.5 million, representing an increase of approximately RMB11.2 million or 4.3% from approximately RMB259.3 million for the year ended 31 December 2023.

Professional Recruitment and Other HR Solutions

For the year ended 31 December 2024, revenue from professional recruitment and other HR solutions amounted to approximately RMB48.2 million, representing an increase of approximately RMB3.5 million or 8.0% as compared to approximately RMB44.7 million for the year ended 31 December 2023. Other HR solutions also include labour dispatch services, training and consultation services.

Due to the challenges and uncertainties in the macroeconomic environment, our clients have become more prudent in workforce expansion. As a result, revenue from professional recruitment amounted to only approximately RMB24.3 million for the year ended 31 December 2024. Through continuing with our strategy of professional recruitment, we have gradually expanded our services from general positions with high turnover rate and requiring continuous bulk employment to technical positions with certain professional requirements and higher unit price. By focusing on recruitment for technical positions with higher unit price, we will gradually increase the precision of matching the candidates we recommend with customer positions and establish competitive barriers. Our average professional recruitment fee per placement was approximately RMB5,400/person for the year ended 31 December 2024.

Cost

Our cost primarily comprises employee benefit expenses, traveling expenses, subcontracting costs, other taxes and surcharges and others, of which the majority was the labour cost paid to comprehensive flexible staffing employees.

For the year ended 31 December 2024, the Group's total cost amounted to approximately RMB4,974.4 million, representing an increase of approximately RMB924.7 million or approximately 22.8% as compared to that of approximately RMB4,049.7 million for the year ended 31 December 2023. The increase in cost was primarily due to: (i) an increase in employee benefit and travel expenses as a result of the growth in the number of comprehensive flexible staffing employees; (ii) in countries where the Group has yet to establish subsidiaries,we subcontracted services to overseas human resources companies through our established global HR service network, and incurred an increase in subcontracting costs as international business grew and brought more subcontracted services. In addition, to deepen the cooperation with clients, we initiated the joint establishment of customer service and software R&D and testing centers with them. The corresponding investments in renovation, right-of-use assets for office spaces, and computer equipment have led to an increase in depreciation and amortization amounts; and (iii) an increase in other taxes and surcharges as the revenue increased.

For the year ended 31 December 2024, the average labour cost of each comprehensive flexible staffing employee managed by us for our clients was approximately RMB10,300/person per month.

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 years indicated:

	For the year ended 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
Comprehensive flexible staffing	477,528	8.8	399,986	9.0
Professional recruitment and other HR solutions	21,303	44.2	22,512	50.4
Total	498,831	9.1	422,498	9.4

Our gross profit margin for the year ended 31 December 2024 was approximately 9.1%, representing a decrease of approximately 0.3 percentage points from approximately 9.4% for the year ended 31 December 2023.

The gross profit margin of comprehensive flexible staffing services was approximately 8.8% for the year ended 31 December 2024, representing a decrease of 0.2 percentage points as compared to approximately 9.0% for the year ended 31 December 2023. The decrease was mainly due to the fact that to vigorously develop digital technology and cloud services, the Group invested in more recruitment consultants and costs for new clients to speed up the recruitment of comprehensive flexible staffing employees to meet clients' requirements on the number of comprehensive flexible staffing employees as soon as possible so as to capture market share, which resulted in a decrease in the gross profit margin of digital technology and cloud services by approximately 0.9 percentage points year-on-year as compared with that of last year, which was partially offset by an increase in gross profit margin of digital operation and customer services of approximately 0.8 percentage points year-on-year as compared to last year as a result of improvements in the efficiency of digital operation and customer service operation.

Selling and Marketing Expenses

Our selling and marketing expenses primarily comprise employee benefit expenses, marketing and promotion expenses, travelling and entertainment expenses, amortisation of intangible assets resulting from acquisition and others.

Our selling and marketing expenses for the year ended 31 December 2024 amounted to approximately RMB182.0 million, representing an increase of approximately RMB5.4 million or approximately 3.0% as compared to approximately RMB176.6 million for the year ended 31 December 2023. The increase was mainly due to (i) the increase in selling costs to develop new clients, including the expansion of sales staffs and increase in marketing activities, in order to accelerate the development of digital technology and cloud services; and (ii) the increase in the bonus received by sales staffs as a result of the increase in revenue and gross profit. Our selling and marketing expenses as a percentage of revenue decreased from approximately 3.9% for the year ended 31 December 2023 to approximately 3.2% for the year ended 31 December 2024.

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 research and development of our platform, software and technologies.

The R&D expenses for the year ended 31 December 2024 amounted to approximately RMB60.5 million, representing an increase of approximately RMB2.3 million or approximately 4.0% as compared to approximately RMB58.2 million for the year ended 31 December 2023. The increase was mainly due to the increase in staff costs as a result of the increase in the number of R&D staffs. Our R&D expenses as a percentage of revenue decreased from approximately 1.3% for the year ended 31 December 2023 to approximately 1.1% for the year ended 31 December 2024.

Administrative Expenses

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

Our administrative expenses for the year ended 31 December 2024 amounted to approximately RMB155.2 million, representing a decrease of approximately RMB4.9 million or approximately 3.1% as compared to approximately RMB160.2 million for the year ended 31 December 2023, which was mainly due to the adjustment to the management structure made to certain middle and back-ends departments, and the streamlining of certain management and staffs of the middle and back-ends departments, reducing staff costs. Our administrative expenses as a percentage of revenue decreased from approximately 3.6% for the year ended 31 December 2023 to approximately 2.9% for the year ended 31 December 2024.

Other Income

Other income mainly includes government grants, revenue from investment and wealth management and income generated from tax reduction. For the year ended 31 December 2024, other income amounted to approximately RMB30.4 million, representing a decrease of approximately RMB37.7 million or approximately 55.3% as compared to approximately RMB68.1 million for the year ended 31 December 2023. The year-on-year decrease in other income was mainly due to (i) the government grants obtained by the Group for the year ended 31 December 2024 amounted to approximately RMB25.4 million, representing a decrease of approximately RMB33.4 million as compared to approximately RMB58.8 million for the year ended 31 December 2023; and (ii) the applicable period of the "Announcement on Clarifying Policies for Value Added Tax Exemption and Exemption for Small Scale Taxpayers" (「關於明確增值税小規模納税人減免增值税等政策的公告」) jointly issued by the Ministry of Finance and the State Administration of Taxation of the PRC was from 1 January 2023 to 31 December 2023. As a result, certain subsidiaries of the Group have no longer been entitled under policies to deduct 5% of the deductible input tax from the VAT payable and therefore have not received any corresponding other income.

Other Losses, Net

Other net losses for the year ended 31 December 2024 were approximately RMB142.6 million, representing an increase of approximately RMB135.2 million as compared to approximately RMB7.4 million for the year ended 31 December 2023. The increase in other net losses were mainly due to (i) according to the management's estimation of the recoverable amount of Shanghai Sirui cash-generated units ("**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, the Group recognised an impairment loss of approximately RMB130.9 million on goodwill allocated to Shanghai Sirui CGU for the year ended 31 December 2024 (2023: nil), taking into account Shanghai Sirui's financial performance in 2024 and future market outlook. Please refer to Note 18 to the audited consolidated financial statements for more details; and (ii) for the year ended 31 December 2024, the investment income and changes in fair value through profit or loss from purchase of wealth management products using idle funds by the Group amounted to approximately RMB1.7 million, representing a decrease of approximately RMB2.5 million as compared to approximately RMB4.2 million for the year ended 31 December 2023.

Impairment Losses on Financial and Contract Assets

For the year ended 31 December 2024, impairment losses on financial and contract assets amounted to approximately RMB12.2 million, representing an increase of approximately RMB6.8 million or 125.9% from approximately RMB5.4 million for the year ended 31 December 2023. The Group has made impairment provisions based on the expected credit loss model prescribed by HKFRS 9. As the trade receivables, contract assets and notes receivables balances increased as a result of increase in revenue from digital technology and cloud services business, coupled with higher expected credit loss rate as a result of the increased weighting of forward looking factor caused by the rising of turnover days of trade receivables, contract assets and notes receivables, as well as macroeconomic growth uncertainties, we increased the amount of impairment provisions made for trade receivables, contract assets and notes receivables while evaluating bad debt risks.

Operating (Loss)/Profit

Operating loss of the Group amounted to approximately RMB23.3 million for the year ended 31 December 2024, as compared to the operating profit of approximately RMB82.8 million for the year ended 31 December 2023.

Finance Income

Finance income includes the Group's interest income generated from bank deposits. Finance income for the year ended 31 December 2024 amounted to approximately RMB4.5 million, representing an increase of approximately RMB0.9 million or approximately 24.5% as compared to approximately RMB3.6 million for the year ended 31 December 2023. We strengthened the collection of trade receivables in the second half of 2024, and the increase in cash and cash equivalents increased our interest income generated from deposits.

Finance Costs

Finance cost mainly includes interest expenses of bank loans and interest expenses of leasing liabilities. Finance cost for the year ended 31 December 2024 amounted to approximately RMB14.0 million, representing an increase of approximately RMB4.4 million or approximately 45.7% as compared to approximately RMB9.6 million for the year ended 31 December 2023. Such increase was mainly due to the interest expenses of bank loans for the year ended 31 December 2024 of approximately RMB12.5 million, representing an increase of approximately RMB4.6 million or approximately 58.8% as compared to approximately RMB7.9 million for the year ended 31 December 2023. The growth of digital technology and cloud services business resulted in the increase of trade receivables, contract assets and notes receivables balances. Accordingly, the Group has applied for additional borrowings from banks to supplement working capital, so as to support the growth of digital technology and cloud services business. The increase in bank borrowings resulted in an increase in interest expenses.

Share of net loss of Associates Accounted for Using the Equity Method

The net loss attributable to the results of associates for the year ended 31 December 2024 was approximately RMB10.6 million, representing an increase of approximately RMB5.1 million or 93.0% compared to the net loss attributable to the results of associates of approximately RMB5.5 million for the year ended 31 December 2023. This was mainly due to the investment losses recorded by the Group from its investment in Wanmayoucai of approximately RMB11.0 million for the year ended 31 December 2024, representing an increase of approximately RMB5.6 million as compared to approximately RMB5.4 million recorded by the Group for the year ended 31 December 2023.

(Loss)/Profit before Income Tax

Our loss before income tax for the year ended 31 December 2024 amounted to approximately RMB39.5 million, as compared to profit before income tax approximately RMB74.6 million for the year ended 31 December 2023.

(Loss)/Profit for the Year

Loss for the year ended 31 December 2024 amounted to approximately RMB58.2 million, as compared to profit for the year of approximately RMB67.8 million for the year ended 31 December 2023.

(Loss)/Profit attributable to the Equity Holders of the Company

The loss attributable to the equity holders of the Company for the year ended 31 December 2024 was approximately RMB71.0 million, as compared to the profit attributable to the equity holders of the Company of approximately RMB41.0 million for the year ended 31 December 2023.

Non-HKFRS Measures

To supplement the consolidated financial statements which are presented in accordance with the HKFRS, we also presented adjusted net profit and adjusted profit attributable to the equity holders of the Company as additional financial measures, which are not required by, nor presented in accordance with, the HKFRS. The following table reconciles our non-HKFRS financial measures in each year presented to the financial measures prepared in accordance with HKFRS:

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
(Loss)/profit for the year	**(58,212)**	67,786
Share-based payment expenses	**11,304**	7,652
Amortisation of intangible assets resulting from acquisition	**23,380**	23,380
Impairment of goodwill	**130,945**	—
Net fair value gains in relation to equity investments	**11,040**	10,374
Less: income tax effect on above adjustments	**(4,067)**	(4,067)
Adjusted net profit	**114,390**	105,125
(Loss)/profit attributable to equity holders of the Company	**(70,970)**	41,045
Share-based payment expenses	**11,304**	7,652
Amortisation of intangible assets resulting from acquisition	**23,380**	23,380
Impairment of goodwill	**130,945**	—
Net fair value gains in relation to equity investments	**11,040**	10,374
Less: income tax effect on above adjustments	**(4,067)**	(4,067)
Less: adjustments attributable to non-controlling interests	**(13,744)**	(10,135)
Adjusted profit attributable to the equity holders of the Company	**87,888**	68,249

In evaluating the business, the Board considers and uses non-HKFRS financial measures, such as adjusted net profit and adjusted profit attributable to the equity holders of the Company as supplemental measures to review and assess the Company's operating performance. We believe that the non-HKFRS financial measures 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 upon assessment and judgment of the Board. We also believe that such non-HKFRS measures provide more useful information to investors of the Company and others in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing financial results across periods. However, our presentation of non-HKFRS financial measures may not be comparable to other measures presented by other companies with similar labels. The use of non-HKFRS measures 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.

Net Current Assets

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

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Total current assets	2,248,878	1,753,778
Total current liabilities	1,201,824	768,215
Net current assets	1,047,054	985,563

The net current assets as at 31 December 2024 amounted to approximately RMB1,047.1 million, representing an increase of approximately RMB61.5 million or approximately 6.2% as compared to approximately RMB985.6 million as at 31 December 2023, which was due to the combined impact of the following major factors: (i) the increase in revenue, particularly from digital technology and cloud services, resulting in an increase in trade receivables, contract assets and notes receivables balances of approximately RMB429.0 million; (ii) the Group strengthened its collection of trade receivables in the second half of 2024, and therefore, the balance of cash and cash equivalents, restricted funds and financial assets arising from purchased financial products increased by approximately RMB101.4 million; and (iii) under the employee housing borrowing plan commencing from June 2021, the loans gradually matured in 2024 and certain employees repaid the loans upon maturity. We renewed contracts with the remaining employees who requested for loan extension, and the balance of housing borrowings expected to be repaid within one year after the contract renewal decreased by approximately RMB41.9 million. These increases were partially offset by (i) an increase of RMB113.0 million in balances of accrued salaries and benefits due to the increase in comprehensive flexible staffing employees; (ii) an increase of approximately RMB271.1 million in borrowing balances as a result of additional borrowings applied by the Group from banks to supplement working capital in order to support the growth of digital technology and cloud services; and (iii) increases in the balances of VAT and additional taxes payable by approximately RMB30.4 million resulting from increase in revenue.

Trade receivables, contract assets and notes receivables

Trade receivables, contract assets and notes receivables balances as at 31 December 2024 amounted to approximately RMB1,730.9 million, representing an increase of approximately RMB429.0 million or 33.0% as compared to approximately RMB1,301.9 million for the year ended 31 December 2023. This was primarily attributable to the facts that (i) the average credit period for digital technology and cloud services amounted to around 90 days, with the credit period for certain clients reached around 150 days. The turnover days of trade receivables, contract assets and notes receivables of the Group increased from 93 days for the year ended 31 December 2023 to 102 days for the year ended 31 December 2024 as a result of the increase in revenue from the digital technology and cloud services; and (ii) the revenue for the year ended 31 December 2024 increased by approximately RMB1,011.1 million as compared to that for the year ended 31 December 2023. Consequently, the combined effect of increased trade receivables, contract assets and notes receivables turnover days and revenue growth has led to a year-on-year increase in the balances of trade receivables, contract assets and notes receivables as at 31 December 2024 as compared to that of 31 December 2023.

The impairment provisions of trade receivables and contract assets as at 31 December 2024 amounted to approximately RMB25.2 million, representing an increase of approximately RMB11.3 million or approximately 81.7% as compared to approximately RMB13.9 million as at 31 December 2023. This is mainly due to that as the trade receivables, contract assets and notes receivables balances increased as a result of increase in revenue from digital technology and cloud services business, coupled with higher expected credit loss rate as a result of increased weighting of forward-looking factors caused by increases in turnover days of trade receivables, contract assets and notes receivables and macroeconomic growth uncertainties, we increased the amount of impairment provisions made for trade receivables, contract assets and notes receivables while evaluating bad debt risks.

The following table sets forth the turnover days of trade receivables, contract assets and notes receivables for the years indicated:

	For the year ended 31 December	
	2024	2023
Turnover days of trade receivables, contract assets and notes receivables[1]	**102**	93
Adjusted turnover days of trade receivables, contract assets and notes receivables[2]	**96**	86

Notes:

(1) Calculated as the average balance of trade receivables, contract assets and notes receivables at the beginning and end of a year divided by revenue in the year then multiplied by the number of days (i.e. 365 days in a year).

(2) Calculated as the average balance of trade receivables, contract assets and notes receivables (excluding the labour costs arising from the provision of labour dispatch services and VAT) at the beginning and end of a year divided by revenue in the year then multiplied by the number of days in the year.

For the year ended 31 December 2024, our trade receivables, contract assets and notes receivables turnover days was 102 days, and the adjusted trade, contract assets and notes receivables turnover days was 96 days, representing an increase as compared to the year ended 31 December 2023, mainly because (i) the credit period granted by the Group to clients of digital technology and cloud services business is within approximately 90 days, while several customers have a credit period of approximately 150 days, which is longer than the previous maximum credit period of 70 days for the general service outsourcing business; and (ii) there was an increase in the Group's revenue from digital technology and cloud services, resulting in a longer turnover days of trade receivables, contract assets and notes receivables.

Prepayments, Deposits and Other Receivables

The prepayments, deposits and other receivables primarily consisted of rental deposits to third-party suppliers, loans under employee housing borrowing plan with a term of less than one year and prepayments, insurance and utilities expenses.

As at 31 December 2024, our prepayments, deposits and other receivables amounted to approximately RMB43.0 million, representing a decrease of approximately RMB43.7 million or approximately 50.4% compared to approximately RMB86.7 million as at 31 December 2023, mainly due to the following reasons: (i) under the employee housing borrowing plan commencing from June 2021, the loans gradually matured in 2024 and certain employees repaid the loans upon maturity. We renewed contracts with the remaining employees who requested for loan extension, and the balance of housing borrowings expected to be repaid within one year after the contract renewal decreased by approximately RMB41.9 million; (ii) certain office leases were renewed in 2024, rent deposits that are expected to take more than one year to recover are included in long-term assets, resulting in a decrease in lease deposits and security deposits of approximately RMB3.1 million compared to 31 December 2023; and (iii) the undeducted input tax balance decreased by approximately RMB2.8 million compared to 31 December 2023.

Financial Assets at FVOCI

As at 31 December 2024, the balance of financial assets at fair value through other comprehensive income of the Group amounted to approximately RMB17.4 million, representing an increase of approximately RMB13.7 million or 79.0% as compared to that of approximately RMB3.7 million as at 31 December 2023. As at 31 December 2024, financial assets at fair value through other comprehensive income of the Group represented bank notes paid by clients in the ordinary course of business. Since the growth in revenue from digital technology and cloud services business has increased the balance of trade receivables, contract assets and notes receivables, the Group has gradually accepted payments in the form of bank notes by certain clients to accelerate collection.

Financial Assets at Fair Value through Profit or Loss

As at 31 December 2024, the balance of financial assets at fair value through profit or loss in current assets amounted to approximately RMB27.1 million, representing a decrease of approximately RMB30.5 million or 52.9% as compared to approximately RMB57.6 million as at 31 December 2023. Financial assets at fair value through profit or loss of the Group represented investment-grade bond funds purchased by the Group with a portion of idle funds. In 2024, the Group disposed of certain investment-grade bond funds to replenish working capital.

As at 31 December 2024, the balance of financial assets at fair value through profit or loss in non-current assets amounted to approximately RMB11.0 million, decreasing from that of RMB22.2 million as at 31 December 2023, which mainly represented the Group's investment in Greedy Technology and Kumao Robot, and the decrease was primarily attributable to the decrease in fair value of Kumao Robot.

Restricted Cash

As at 31 December 2024, the restricted funds in the current assets were approximately RMB19.4 million, representing an increase of approximately RMB19.0 million from approximately RMB0.4 million as at 31 December 2023. The restricted funds was mainly T+1 day withdrawal deposit at the Minsheng Bank in relation to bank borrowings based on certain trade receivables.

Trade and Other Payables

As at 31 December 2024, our trade and other payables amounted to approximately RMB701.1 million, representing an increase of approximately RMB160.1 million or 29.6% as compared to RMB541.0 million as at 31 December 2023. This was mainly due to (i) an increase in the number of comprehensive flexible staffing employees, which resulted in an increase in the balance of accrued salaries and benefits of approximately RMB113.0 million; and (ii) an increase in revenue of the Company resulting in an increase in the balance of VAT and surcharges of approximately RMB30.4 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 31 December 2024, our current income tax liabilities amounted to approximately RMB11.1 million, which was stable compared to approximately RMB11.9 million as at 31 December 2023.

Borrowings

The borrowings of the Group have increased by approximately RMB271.1 million or 147.0% from approximately RMB184.5 million as at 31 December 2023 to approximately RMB455.6 million as at 31 December 2024, which was mainly because the Group offers credit terms of about 90 days for customers of digital technology and cloud services business, and up to about 150 days for certain customers, and therefore, the Group obtained more bank borrowings as it needed more working capital to support the growth of the digital technology and cloud services business.

Property, Plant and Equipment

As at 31 December 2024, the carrying value of our property, plant and equipment was approximately RMB46.3 million, comprising right of use assets for office, renovation and office equipment, which represented an increase of approximately RMB14.4 million or approximately 45.2% as compared to that of approximately RMB31.9 million as at 31 December 2023. In order to deepen our cooperation with our customers, we began to build customer service and software development and testing centers with them. In 2024, we worked with our clients to establish four client service centers and four offshore outsourcing centers for software development and testing in Chengdu, Tianjin, Shenzhen, incurring a total increase of approximately RMB54.2 million in terms of the cost for leased properties renovation, right of use assets for office and computer equipment, which was partially offset by a depreciation charge of approximately RMB34.4 million and a decrease of approximately RMB4.9 million in right of use assets for office, furniture, computer equipment and other related assets as a result of surrender of leases of certain offices at two business process outsourcing centers in Foshan and Changsha.

Management Discussion and Analysis

Intangible Assets

As at 31 December 2024, the carrying amount of our intangible assets was approximately RMB245.1 million, which was mainly goodwill and customer relationships arising from the acquisition of Shanghai Sirui, Shanghai Lingshi and Lingshi Yuntian, representing a decrease of approximately RMB155.7 million or 38.8% as compared to that of approximately RMB400.8 million as at 31 December 2023, which was mainly because (i) the recent operating results and cash flow position of Shanghai Sirui, a non-wholly owned subsidiary of the Company, indicated that the financial performance and business growth of Shanghai Sirui had failed to meet the expectations of the Group. Hence, having fully considered the recent operating position and financial performance of Shanghai Sirui and the future market prospects, the Group recorded an impairment provision of approximately RMB130.9 million for goodwill arising from the acquisition of Shanghai Sirui in the financial statements of the Company for the year ended 31 December 2024; and (ii) the intangible assets amortisation of approximately RMB23.4 million caused by the customer relationships arising from the acquisition of Shanghai Sirui, Shanghai Lingshi and Lingshi Yuntian.

Investments in Joint Ventures Accounted for Using the Equity Method

As at 31 December 2024, the balance of investment in joint ventures accounted for using the equity method was approximately RMB32.3 million, representing an increase of approximately RMB3.8 million or approximately 13.4% from approximately RMB28.5 million as at 31 December 2023, which was mainly due to the profit recorded by Binhai Xunteng and Zhencheng Technology for the year ended 31 December 2024.

Investment in Associates Accounted for Using the Equity Method

As at 31 December 2024, the balance of investment in associates accounted for using the equity method amounted to approximately RMB9.8 million, representing the Group's investments in Wanmayoucai, a decrease of approximately RMB10.6 million or 51.8% as compared to that of approximately RMB20.4 million as at 31 December 2023, primarily because Wanmayoucai is still at investment stage, which incurred a loss of approximately RMB11.0 million in 2024.

Other Non-current Assets

Other non-current assets mainly consisted of employee housing borrowings and rental deposits that are expected to be recovered after a period of more than one year. The balance of other non-current assets was approximately RMB41.4 million as at 31 December 2024, representing an increase of approximately RMB33.1 million compared with approximately RMB8.3 million as at 31 December 2023, mainly due to (i) under the employee housing borrowing plan commencing from June 2021, the loans gradually matured in 2024 and certain employees repaid the loans upon maturity. We renewed contracts with the remaining employees who requested for loan extension, among which some of the loans were extended for more than one year, resulting in an increase in the balance of employee housing borrowings in other non-current assets of approximately RMB29.3 million; and (ii) certain office leases were renewed in 2024, and therefore lease deposits that are expected to take more than one year to recover are included in long-term assets after renewal, resulting in an increase of lease deposits and security deposits in other non-current assets of approximately RMB5.6 million compared to 31 December 2023.

Deferred Income Tax Assets

Deferred income tax assets are primarily recognized for deferred income tax based on temporary differences in corporate income tax such as lease liabilities and losses from previous years. As at 31 December 2024, the carrying amount of our deferred income tax assets was approximately RMB7.9 million, representing a decrease of approximately RMB9.2 million or approximately 53.8% from approximately RMB17.1 million as at 31 December 2023.

KEY FINANCIAL RATIOS

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

	For the year ended 31 December	
	2024	2023
Revenue growth	**22.4%**	22.9%
Gross margin	**9.1%**	9.4%
Adjusted net margin (Non-HKFRS)[1]	**2.1%**	2.4%
Adjusted net margin attributable to the equity holders of the Company (Non-HKFRS)[1]	**1.6%**	1.5%

	2024 31 December	2023 31 December
Adjusted current ratio (times)[2]	**1.9**	2.2

Notes:

(1) Adjusted net margin and adjusted net margin attributable to equity holders of the Company (non-HKFRS) are calculated as the adjusted profit and adjusted profit attributable to the equity holders of the Company as a percentage of the revenue for the same year.

(2) Adjusted current ratio is calculated as the adjusted current assets divided by the current liabilities at the end of each financial year. The adjusted current assets are defined as the current assets excluding the Net Proceeds received and unutilised, where applicable.

Adjusted Current Ratio

As at 31 December 2024, the adjusted current ratio decreased slightly to approximately 1.9 from approximately 2.2 as at 31 December 2023. The Group's short-term solvency remains steady.

Liquidity and Capital Resources

As at 31 December 2024, we had cash and cash equivalents of approximately RMB397.7 million, representing an increase of approximately RMB112.8 million or 39.6% from approximately RMB284.9 million as at 31 December 2023. Such change was mainly due to a combination of the following factors: (i) the net cash used in the operating activities of approximately RMB106.0 million; (ii) net cash generated from investing activities of approximately RMB28.3 million; (iii) net cash generated from financing activities of approximately RMB190.1 million; and (iv) an increase of the balance of cash and cash equivalents caused by exchange rate changes by approximately RMB0.5 million.

Treasury Policies

The treasury and funding policies of the Group primarily focus on liquidity management and maintaining an optimum level of liquidity and risk balance. 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 low-risk short-term financial products issued by reputable financial institutions and corporations to earn higher return compared with those on time deposits issued by banks or licensed financial institutions with a relatively low and controllable risk level.

CASH FLOWS

Net Cash from Operating Activities

Net cash used in operating activities for the year ended 31 December 2024 was approximately RMB106.0 million, representing a decrease of approximately RMB45.9 million or approximately 30.2% as compared to net cash used in operating activities of approximately RMB151.9 million for the year ended 31 December 2023. This was primarily attributable to enhanced trade receivables, contract assets and notes receivables management implemented by the Group in 2024. Specifically, the Group leveraged its trade receivables management system (completed and put into operation in 2023) to manage credit periods and collections for each digital technology and cloud services contract. Additionally, dedicated monthly meetings were conducted twice a month to analyze overdue trade receivables, contract assets and notes receivables and formulate targeted collection measures. The effective execution of such trade receivables, contract assets and notes receivables management measures enabled the Group to reduce working capital for the year ended 31 December 2024 as compared to that for the year ended 31 December 2023, while maintaining a revenue growth rate exceeding 20% for digital technology and cloud services contracts.

Net Cash inflow from Investing Activities

Net cash generated from investing activities for the year ended 31 December 2024 amounted to approximately RMB28.3 million, primarily driven by a combination of the following factors: (i) cash inflows of approximately RMB30.5 million from the redemption of investment-grade bond funds; (ii) an aggregate net cash inflows of approximately RMB6.7 million from investment-grade bond fund returns and interest income generated from bank deposits; and (iii) expense of approximately RMB8.6 million for the purchase of property, plant and equipment. Net cash generated from investing activities amounted to approximately RMB38.8 million for the year ended 31 December 2023.

Net Cash inflow from Financing Activities

For the year ended 31 December 2024, the net cash generated from financing activities was approximately RMB190.1 million, representing an increase of approximately RMB146.8 million as compared to the net cash generated from financing activities of approximately RMB43.2 million for the year ended 31 December 2023, mainly due to a combination of the following factors: (i) a year-on-year increase of approximately RMB187.9 million in new bank borrowings for working capital requirements; (ii) the cash expenditure of approximately RMB12.4 million as a result of the dividend payout in 2024; (iii) the cash expenditure of RMB9.0 million for the acquisition of further interests in Lingshi Yuntian and Shanghai Lingshi; and (iv) T+1 day withdrawal deposit of approximately RMB17.9 million in relation to bank borrowings based on certain trade receivables.

CAPITAL STRUCTURE

Indebtedness

As at 31 December 2024, we had outstanding borrowings of approximately RMB455.6 million, representing an increase of approximately RMB271.1 million as compared to approximately RMB184.5 million as at 31 December 2023, which was mainly due to the increase in working capital requirements and therefore the Group obtained more bank borrowings.

As at 31 December 2024, our lease liabilities in respect of our leased properties amounted to approximately RMB34.6 million, representing an increase of approximately RMB15.6 million as compared to approximately RMB19.0 million as at 31 December 2023, which was mainly due to increased leased area.

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.

The following table sets forth our gearing ratio as at the dates indicated:

	As at 31 December 2024 RMB'000
Borrowings	**455,616**
Less: cash and cash equivalents	**397,698**
Net debt	**57,918**
Total capital	**1,476,802**
Gearing ratio	**3.9%**

As at 31 December 2023, 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 year ended 31 December 2024, our capital expenditure amounted to approximately RMB9.1 million, which was mainly used for decoration, purchase of computer equipment, furniture and software.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at 31 December 2024, we had not entered into any material off-balance sheet commitments or arrangements.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no material contingent liabilities (2023: Nil).

Management Discussion and Analysis

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, given the Company's functional currency being USD, the Company was exposed to foreign exchange risk from the RMB denominated cash and cash equivalents it held as at 31 December 2024. For the year ended 31 December 2024, the Group recorded a net exchange profit of approximately RMB0.2 million in the 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 31 December 2024, the Group had T+1 day withdrawal deposit of approximately RMB17.9 million with a bank in relation to a loan facility based on specific trade receivables and secured trade receivables of approximately RMB98.1 million (31 December 2023: nil).

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

On 30 December 2024, Shanghai Ruiying (an indirect wholly-owned subsidiary of the Company) and Neusoft Group entered into an asset purchase agreement, pursuant to which Shanghai Ruiying conditionally agreed to sell, and Neusoft Group conditionally agreed to buy, 46.0% of the equity interests in Shanghai Sirui held by Shanghai Ruiying. On 10 March 2025, Shanghai Ruiying and Neusoft Group entered into a supplemental agreement setting out the finalized consideration and other terms and conditions supplementing the asset purchase agreement, which constitutes the formal agreement. Pursuant to the formal agreement, Shanghai Ruiying agreed to sell, and Neusoft Group agreed to buy 46.0% equity interests in Shanghai Sirui for a total consideration of approximately RMB320.7 million, subject to the terms and conditions of the formal agreement. Upon completion of the disposal contemplated thereunder, Shanghai Ruiying would have no interest in Shanghai Sirui, which would cease to be a subsidiary of the Company, and the financial results of Shanghai Sirui would cease to be consolidated into the Group's financial statements. Please refer to announcements of the Company dated 16 December 2024, 30 December 2024 and 10 March 2025 and circular of the Company dated 28 March 2025 for further details. At the extraordinary general meeting held on 17 April 2025, the Shareholders approved the proposed disposal by way of ordinary resolution. As at the date of this annual report, the proposed disposal has not yet completed.

On 7 March 2025, Shanghai Renhui (an indirect wholly-owned subsidiary of the Company) and Beyondsoft Shanghai entered into a joint venture agreement, pursuant to which a joint venture entity will be established to provide information technology and digital talent services. The equity interests of the joint venture entity will be held by Shanghai Renhui and Beyondsoft Shanghai as to 70.0% and 30.0%, respectively. The joint venture entity will become a subsidiary of the Company upon its formation and its financial results will be consolidated into the financial statements of the Group. The registered capital of the joint venture entity is RMB10.0 million, of which Shanghai Renhui has agreed to subscribe RMB7.0 million. In addition, the Group shall inject funds to the joint venture entity by way of interest-bearing bank entrustment loans from time to time with a principal amount of up to RMB3.2 million to be used as general working capital of the joint venture entity subject to separate agreements to be entered into. Please refer to the announcement of the Company dated 7 March 2025 for further details.

Saved as disclosed above and in the section headed "D. Acquisitions of Further Equity Interests in Two Subsidiaries of the Company" on page 56 of this annual report, the Group has no material acquisition or disposal of subsidiaries, associates or joint ventures of the Group, or significant investments held, which would fall to be disclosed under the Listing Rules for the year ended 31 December 2024.

FUTURE PLANS ON SIGNIFICANT INVESTMENTS

To strengthen our position as a leading comprehensive human resources solutions provider, we plan to utilise the Net Proceeds to carry out certain expansion projects. Details of such expansion projects are set out in the paragraph headed "USE OF PROCEEDS FROM THE GLOBAL OFFERING" in this report and the section headed "Future Plans and Use of Proceeds" in the Prospectus respectively.

EVENTS OCCURRED AFTER THE REPORTING PERIOD

Save as disclosed in this report, there was no material event affecting the Group which has occurred since 31 December 2024 and up to the date of this report.

Biographies of Directors and Senior Management

The biographical details of the Directors and senior management are set out as follows:

Executive Directors

Mr. Zhang Jianguo（張建國）
Chairman, Executive Director and Chief Executive Officer
Aged 61

Mr. Zhang Jianguo was appointed as a Director in October 2011 and was re-designated as an executive Director and appointed as the Chairman of our Board in March 2019. He is also the chairman of the Nomination Committee and a member of Investment and Compliance Committee and the Remuneration Committee. Mr Zhang Jianguo is also a director, an executive director or a general manager of various subsidiaries of the Group. Mr. Zhang Jianguo has more than 24 years of experience in the HR management sector and he is responsible for the overall strategic planning and business direction, operation and management of our Group while overseeing our flexible staffing services. Prior to joining our Group, Mr. Zhang Jianguo was the chief executive officer of ChinaHR.com (中華英才網), a provider of HR services based in the PRC, from July 2004 to January 2009, where he was responsible for overall management. From January 2003 to July 2004, Mr. Zhang Jianguo was the general manager of China Stone Management Consulting Ltd. (北京華夏基石企業管理諮詢公司), a management consulting company, where he was responsible for overall day-to-day management. From June 2001 to December 2002, Mr. Zhang Jianguo was the general manager of Shenzhen Yihua Times Management Consulting Ltd. (深圳市益華時代管理諮詢有限公司), where he was responsible for overall day-to-day management. From April 1990 to June 2000, Mr. Zhang Jianguo held various positions at Huawei (華為), a provider of information and communications technology infrastructure and smart devices. He served as the vice president before his departure, and was responsible for overseeing HR matters.

Mr. Zhang Jianguo is currently the vice president of Beijing Human Resources Consulting Association (北京市人才行業協會), Shanghai Human Resources Consulting Association (上海人才服務行業協會) and Sichuan Human Resources Services Consulting Association (四川省人力資源服務行業協會), and the vice chairman of the professional committee of China Association of Trade in Services (中國服務貿易協會專家委員會). In 2021, Mr. Zhang Jianguo was awarded the Qualification Certificate of Specialty and Technology with specialty in Senior Economist by Department of Human Resources and Social Security of Hubei Province and the New Pioneer for 2021(2021 新人力先鋒人物) by 36Kr. Mr. Zhang Jianguo was an author of numerous publications, namely Compensation System Design (《薪酬體系設計》), Performance System Design (《績效體系設計》), Professional Process Design (《職業化進程設計》), Flexible Employment (《靈活用工－人才為我所有到為我所用》), Manager's Thought — Winning in Strategic Human Resource Management (《經營者思維－贏在戰略人力資源管理》), China Development Report on Flexible Employment (2021) – The Transformation of Organization and the Innovation of Employment (《中國靈活用工發展報告(2021) — 組織變革與用工模式創新》), and a blue paper China Development Report on Flexible Employment (2022) – Efficiency, Flexibility and Compliance for Diverse Employment (《中國靈活用工發展報告 (2022)－多元化用工的效率、靈活性與合規》藍皮書), Industrial Digital Talent Research and Development Report (2023) (《產業數位人才研究與發展報告(2023)》).

Mr. Zhang Jianguo received a master's degree in engineering from Lanzhou Jiaotong University (蘭州交通大學) (formerly known as Lanzhou Railway Institute (蘭州鐵道學院)) in January 1987. He also obtained a master's degree in business administration from Beijing University in July 2015.

Biographies of Directors and Senior Management

Mr. Zhang Feng（張峰）

Executive Director and
Senior Vice President
Aged 51

Mr. Zhang Feng (former names: Zhang Haifeng (張海峰) and Zhang Feng (張鋒)), was appointed as a Director in October 2011, and was re-designated as an executive Director and appointed as the Chief Operating Officer of our Group in March 2019. He was appointed as the senior vice president of our Group in August 2023. Mr. Zhang Feng is also a director and/or a general manager of various subsidiaries of the Group. He is responsible for overseeing our general service outsourcing business and has been responsible for implementing the global expansion strategy of the Group since May 2024. Mr. Zhang Feng has more than 23 years of experience in the HR management sector. Prior to joining our Group, Mr. Zhang Feng worked as a regional general manager at ChinaHR.com (中華英才網), from August 2004 to June 2011, where he was responsible for overseeing sales, operation and management. From July 2000 to August 2004, he held various positions at Datang Telecom Technology Co., Ltd. (大唐電信科技股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600198)), which is engaged in the development of telecommunication standard and manufacture of telecommunication equipment. He served as the HR manager before his departure, and was responsible for HR management.

Mr. Zhang Feng received a master's degree in business administration from Xi'an Shiyou University (西安石油學院) in July 2000. He obtained the vocational qualification of an enterprise HR management officer (企業人力資源管理人員) from the Vocational Skills Identification (Guidance) Center (職業技能鑒定(指導)中心) in January 2004 and the professional qualification of a talent agent (人才中介) from the Shanghai Vocational Testing Authority (上海市職業能力考試院) in April 2013.

Biographies of Directors and Senior Management

Ms. Zhang Jianmei（張健梅）

Executive Director and Senior Vice President
Aged 45

Ms. Zhang Jianmei was appointed as a Director in September 2018, and was re-designated as an executive Director in March 2019. She was appointed as the senior vice president of our Group in August 2023. Ms. Zhang Jianmei is also a director or a supervisor of various subsidiaries of the Group. She is responsible for overseeing the Group's flexible staffing business in the IT industry and has been responsible for overseeing the Group's general service outsourcing business since May 2024. Ms. Zhang Jianmei was awarded the 2024 Top 100 Female Entrepreneurs in Human Resources Service Industry (2024人力資源服務業女企業家Top 100 獎項) by Tophr (第一資源) in 2024. Ms. Zhang Jianmei has more than 21 years of experience in the HR management sector. Prior to joining our Group, Ms. Zhang Jianmei worked as a vice general manager of the western region of China and a general manager of the Chengdu subsidiary of ChinaHR.com (中華英才網), from July 2004 to March 2011, where she was responsible for the operation and management of its business in the western region of China. From August 2002 to July 2004, she worked as a vice general manager of the Chengdu subsidiary of Times Bright China (時代光華), a company in the education and training industry, where she was responsible for the operation and management of its Chengdu subsidiary.

In September 2013, Ms. Zhang Jianmei completed a part-time practical business management president course (實戰型高級工商管理總裁研究生課程進修班) at Southwestern University of Finance and Economics (西南財經大學). Ms. Zhang Jianmei has completed a part-time Strategic Human Officer (SHO) advanced management course (戰略人力資源官(SHO)高級管理課程班) at Renmin University of China (中國人民大學) in April 2021.

Biographies of Directors and Senior Management

Non-Executive Director

Mr. Chen Rui (陳瑞), aged 51, our non-executive Director. He was appointed as a Director in April 2012 and was re-designated as a non-executive Director in March 2019. He is also the chairman of the Investment and Compliance Committee. Mr. Chen, is a Director nominated by LC Fund V, L.P. and LC Parallel Fund V, L.P.

Mr. Chen was a supervisor of Beijing Urban Construction Design & Development Group Co., Limited (北京城建設計發展集團股份有限公司) (a joint stock company listed on the Stock Exchange (stock code: 1599)) from October 2013 to March 2022. From February 2005 up to present, he has held various positions at Legend Capital Management Co., Ltd. (君聯資本管理股份有限公司), a venture capital company, and he currently serves as the co-chief investment officer and managing director, where he is primarily responsible for overseeing investments. Mr. Chen has been a director of Qunabox Group Limited since September 2021 and re-designated as non-executive director in August 2023. The shares of Quanbox Group Limited have been listed on the Main Board of the Stock Exchange since May 2024 (stock code: 917). Mr. Chen has been a non-executive director of Bloks Group Limited since December 2023, the shares of which have been listed on the Main Board of the Stock Exchange since January 2025 (stock code: 325).

Mr. Chen obtained a bachelor of science in electronics and information system from Shanxi University (山西大學) in July 1997. He obtained a master's degree in business administration from Fordham University of America in February 2005.

Independent Non-Executive Directors

Ms. Chan Mei Bo Mabel (陳美寶), aged 53, is our independent non-executive Director and joined our Group in November 2019. She is also the chairlady of the Remuneration Committee and member of the Audit Committee and the Nomination Committee. She established Mabel Chan & Co. (陳美寶會計師事務所) (an accounting firm, formerly known as Mabel M.B. Chan Certified Public Accountant) in February 1999 and became the deputy managing partner of Grant Thornton Hong Kong Limited following their merger in January 2016. Ms. Chan has been serving as an independent non-executive director of Kingmaker Footwear Holdings Ltd. (stock code: 1170), the shares of which are listed on the Hong Kong Stock Exchange. Ms. Chan was also an independent non-executive director of Bank of Zhengzhou Co., Ltd. (stock code: 6196), from June 2015 to December 2021, the shares of which are listed on the Hong Kong Stock Exchange.

Ms. Chan served as the president of the Society of Chinese Accountants and Auditor in 2010, a member of the Council of Hong Kong Baptist University from January 2013 to December 2018, a member of the Appeal Panel (Housing) of Hong Kong from April 2014 to March 2018, a member of the Council of Hong Kong Institute of Certified Public Accountants from 2008 to 2018 and the president of the aforesaid Institute in 2017, a member of the Small and Medium Enterprises Committee of HKSAR from January 2015 to December 2020, a member of Barristers Disciplinary Tribunal Panel of Hong Kong from May 2010 to May 2020, a member of the Securities and Futures Appeals Tribunal of HKSAR from April 2017 to March 2023, a member of the Export Credit Insurance Corporation Advisory Board of HKSAR from July 2017 to June 2023, a member of the Air Transport Licensing Authority of HKSAR from August 2017 to July 2023, a member of the Trade and Industry Advisory Board of HKSAR from September 2017 to December 2023, a member of HKSAR Business Facilitation Advisory Committee since July 2020, a member of Independent Police Complaints Council, a member of ICAC Corruption Prevention Advisory Committee since January 2021, a council member of Hong Kong Association of Registered Public Interest Entity Auditors Limited since June 2021, a member of HKSAR Election Committee since August 2021 and a member of Audit Committee of Hong Kong Examinations and Assessment Authority since October 2024. In July 2023, Ms. Chan was appointed as Justice of the Peace by the Government of the Hong Kong Special Administrative Region.

Ms. Chan obtained a master's degree in business administration from Hong Kong University of Science and Technology (Hong Kong) in November 2000. She is a member of the Association of Chartered Certified Accountants, Hong Kong Institute of Certified Public Accountants, the Society of Chinese Accountants & Auditors, the Institute of Chartered Accountants in England and Wales, CPA Australia. She is also currently a certified public accountant (practising) accredited by the Hong Kong Institute of Certified Public Accountants.

Mr. Shen Hao (沈浩), aged 53, is our independent non-executive Director and joined our Group in November 2019. He is also a member of the Remuneration Committee, the Audit Committee and the Nomination Committee. Mr. Shen has been an independent director of NCH Hua Yang Ltd. (華陽－恩賽有限公司), which is a Sino-USA joint venture providing industrial and commercial maintenance products and services, since November 2013, where he has been responsible for providing independent opinion and judgment to the directors. He was a managing director of H&Q Asia Pacific from November 2010 to July 2013, where he was responsible for investment management in China. He was a vice general manager of China International Capital Corporation Limited (stock code: 3908), the shares of which were listed on the Stock Exchange, from April 2007 to February 2008 where he was responsible for general management. He was an assistant to the chief executive officer of GF Securities Co., Ltd. from September 2001 to August 2006. He was the head of executive education client services in Harvard University from April 1997 to August 2001, where he was responsible for the design and deployment of technology support services and training, and during around the same time from June 1997 to August 2001, he was also the lead advisor of the Asian programme development in the same university.

In May 1995, Mr. Shen obtained his bachelor's degree of arts in Gustavus Adolphus College in the United States. In June 1997, Mr. Shen obtained his master's degree of education from Harvard University.

Mr. Leung Ming Shu (梁銘樞), aged 49, is our independent non-executive Director and joined our Group in November 2019. He is also the chairman of the Audit Committee and a member of the Investment and Compliance Committee.

Since April 2021, Mr. Leung has been serving as group chief financial officer, a member of strategy committee of 58.com Inc. and Managing Partner of 58 industry fund, where he is mainly responsible for overseeing overall financial and legal functions and strategic investment of 58.com Inc..

Since January 2023, he has been serving as an independent non-executive director at Gala Technology Holding Limited, whose shares are listed on the Stock Exchange (stock code: 02458). Since May 2022, he has been serving as an independent non-executive director at Infinities Technology International (Cayman) Holdings Limited, whose shares are listed on the Stock Exchange (stock code: 01961). Since August 2021, he has been serving as non-executive director of Gogox Holdings Limited, whose shares are listed on the Stock Exchange (stock code: 02246). Since March 2017, he has been serving as an independent non-executive director at Sun.King Technology Group Limited, whose shares are listed on the Stock Exchange (stock code: 00580). Since February 2013, he has been serving as an independent non-executive director at Cabbeen Fashion Limited, whose shares are listed on the Stock Exchange (stock code: 02030).

From January 2013 to January 2017, he served as chief financial officer of Visual China Group, whose shares are listed on the Main Board of the Shenzhen Stock Exchange (stock code: 000681). Since 2017, he has been serving as a founding and managing partner at Harmony Capital, a family office PE fund with a focus on internet and consumer sectors in China. From January 2008 to December 2012, he served as the CFO of China ITS (Holdings) Co., Ltd., a company listed on the Stock Exchange (stock code: 01900). From February 2003 to March 2006, he served as a senior manager in the mergers and acquisitions department and subsequently as CFO at CDC Corporation, a company formerly listed on the NASDAQ. From October 1999 to December 2000, he served as a senior consultant at Arthur Andersen & Co. From September 1998 to August 1999, he served as an auditor at PricewaterhouseCoopers.

Biographies of Directors and Senior Management

Mr. Leung has been a Fellow Member of Association of Chartered Certified Accountants and the Fellow Member of the Hong Kong Institute of Certified Public Accountants since February 2007 and June 2010, respectively. Mr. Leung obtained a First-Class Honor bachelor's degree in accounting from the City University of Hong Kong in November 1998 and a master's degree in accounting from The Chinese University of Hong Kong in November 2001.

Save as disclosed herein, there have been no other changes in the information of the Directors that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Senior Management

Mr. Li Wenjia (李文佳), aged 41, has been appointed as a vice president, the chief financial officer and a joint company secretary of the Company since 13 December 2024.

Mr. Li joined the Group in January 2015. He served as a vice president and the chief financial officer of the Group and a member of the senior management of the Company, primarily responsible for overseeing the finance management and regulatory compliance of the Group, and managing investor relationships of the Group. After resignation from his roles as a joint company secretary, a vice president and the chief financial officer of the Company on 12 December 2022, Mr. Li continued to serve as a consultant of the Group from 13 December 2022 to 12 December 2023. Mr. Li left the Group since 12 December 2023 and re-joined the Group on 13 December 2024. Please refer to the Company's announcement dated 13 December 2024 for more details.

Mr. Li has over 15 years of experience in the auditing and financing sector. Mr. Li worked at PricewaterhouseCoopers Zhong Tian (普華永道中天會計師事務所) from January 2011 to December 2014, where he was responsible for handling the auditing projects for renowned Chinese state-owned enterprises, China A-Share companies and multinational corporations. He worked at Shanghai Mazha'er Certified Public Accountants' Firm (上海瑪澤會計師事務所) from February 2008 to January 2011, where he was responsible for handling the auditing projects for French corporations investing in China. He worked at Shanghai Certified Public Accountants (上海上會會計師事務所) from September 2007 to January 2008, where he was responsible for handling the auditing projects for China A-Share companies.

Mr. Li received a bachelor's degree, majoring in econometrics, and business management from Shanghai University of Finance and Economics (上海財經大學) in July 2007. He became a PRC certified public accountant in September 2010, a PRC registered tax agent in August 2011 and a PRC certified public valuer in November 2011.

Ms. Chen Chen (陳晨), aged 41, has been the vice president, joint company secretary and the chief financial officer of the Company and a member of the senior management of the Company until her resignation on 13 December 2024.

Ms. Chen joined the Company in September 2021 as the vice president in charge of strategic planning and investment and financing affairs of the Group, primarily responsible for the Group's strategic research and planning, investor relations, and investment and mergers and acquisitions strategy. She has been appointed as a joint company secretary and the chief financial officer of the Company since 12 December 2022, in charge of finance, investor relations, and internal audit. Prior to joining the Group, Ms. Chen had worked in investment banking industry for over 10 years with extensive experience in corporate finance, industry research and financial analysis. She joined the headquarter of BNP Paribas in Paris in November 2009 and worked in the Asia Pacific investment banking department of BNP Paribas Securities (Asia) Limited in Hong Kong from August 2010 to September 2021.

Ms. Chen obtained master's degrees in master of science in management (finance) and master in european business from EMLYON Business School. She obtained a bachelor's degree in business french with a minor in international economics and trade from Shanghai University of International Business and Economics (上海對外經貿大學).

Report of the Directors

The Board hereby presents its report together with the audited consolidated financial statements of the Company for the year ended 31 December 2024.

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 14 October 2011 as an exempted company with limited liability under the laws of the Cayman Islands. The Shares were listed on the Main Board of The Stock Exchange on 13 December 2019.

PRINCIPAL ACTIVITIES

The Company, an investment holding company, and its subsidiaries are principally engaged in the provision of comprehensive flexible staffing services, professional recruitment, and other human resources solutions. The Group has reinvented traditional human resources business process with digitalisation and new technology innovation. Its one-stop ecological system allows the Group to serve its customers in a result-oriented manner, effectively tackling large-scale talent recruitment and management problems. As at 31 December 2024, the Company has set up more than 100 domestic subsidiaries and branches with a business coverage of over 300 cities, with subsidiaries in 12 countries and regions.

Principal Risks and Uncertainties

There are certain key risks and uncertainties in relation to our business and our industry as set out below: (i) a considerable portion of revenue was generated from the general service outsourcing from our clients in the new economy industries, and any slowdown in their growth or significant reduction in these clients' staffing needs may materially and adversely affect our business, results of operations and prospects; (ii) any significant decrease in revenue generated from our five largest clients would materially and adversely affect our business, results of operations and financial condition; (iii) our inability to rapidly source adequate candidates who meet the requirements of our clients may adversely affect our reputation, business prospects and future financial performance; (iv) we have a limited operating history in a dynamic market and we may not be able to successfully manage our current and potential future growth; (v) we face significant competition from other HR services providers and may suffer from a loss of clients, registered individual users and comprehensive flexible staffing employees as a result, and we also have to keep up with rapid changes in the HR services industry; and (vi) if we fail to improve our user experience or respond to changes in user or client preferences, we may not be able to attract and retain registered individual users and clients. However, this is non-exhaustive as there may be other risks and uncertainties arising, resulting from changes in the economy and other conditions over time. We tried to manage and mitigate the aforementioned risks by (i) adhering to the Group's long-term strategy to focus on tech-driven and digital-enabled human resources services; (ii) actively sourcing new clients as well as maintaining a stable relationship with existing clients leveraging the Group's experience, resources and expertise; and (iii) keeping abreast of the latest developments in human resources industry so as to adapt to the ever-changing market.

For risks in relation to the Modified Contractual Arrangements (as defined below), please refer to the paragraph headed "Connected and continuing connected transactions – C. Modified Contractual Arrangements – Risks relating to the Contractual Arrangements" on pages 49 to 50 in this annual report. The Group is also exposed to certain financial risks which are set out in Note 3 to the audited consolidated financial statements in this annual report.

Environmental Performance and Policies

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to community and achieving sustainable growth. Details of such are set out in the section headed "Environmental, Social and Governance Report" on pages 97 to 133 in this annual report.

Compliance with Laws and Regulations

During the year ended 31 December 2024, to efficiently administer the contributions to social insurance and housing provident fund in certain cities in the PRC where our comprehensive flexible staffing employees prefer to participate in their place of residency and we do not maintain a subsidiary or branch office due to our extensive service coverage, we engaged third-party agents to assist with social insurance and housing provident fund payment for some of our comprehensive flexible staffing employees, but such arrangement is not in strict compliance with the relevant PRC laws and regulations. Further, we had not made full contributions for social insurance and housing provident fund based on the actual salary levels of our employees. 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 for the year ended 31 December 2024. 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 cash flows. For further details, please refer to pages 248 to 250 of the Prospectus.

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 year ended 31 December 2024 that could have a material adverse impact on the Group's business, financial condition and operating results.

Relationship with Stakeholders

The Group is of the view that its employees, customers and business partners are important to its sustainable development. The Group is committed to maintaining close relationship with its employees, providing quality services to customers and strengthening the cooperation with its business partners. The Group provides competitive remuneration and benefits and career development opportunities to the staff based on their merits and performance. The Group provides trainings and development resources to its employees so that they can keep abreast of the latest development of the market and the industry, and at the same time, improve their performance and self-fulfillment in their positions.

The Group understands that it is important to maintain good relationship with customers and provide the services in a way that satisfies needs and requirements of the customers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the services so that the Group can respond proactively. The Group has also established procedures in place for handling customers' complaints to ensure customers' complaints are dealt with promptly.

The Group is also dedicated to develop good relationship with suppliers and contractors as long-term business partners to ensure stability of the Group's business. The Group reinforces business partnerships with suppliers by ongoing communication in a proactive and effective manner so as to ensure quality and timely delivery.

POLICY AND REGULATION REVIEW

In July 2024, the 20th Central Committee of the Communist Party of China (CPC) adopted a resolution on further deepening reform comprehensively to advance Chinese modernization (the "**Resolution**") at its third plenary session to fully implement the strategic plan of the 20th CPC National Congress. The Company is a human resources services and digital technology solution provider, and the Resolution has unveiled new requirements for the industry.

In respect of the human resources and social security in which the Company operates and is concerned, according to the Resolution, it shall pursue a proactive strategy in response to population aging, develop elderly care programs and services, and continuously provide a sound policy and system for elderly people. Developing silver economy involves creating diverse and personalized job positions suitable for the elderly, and on the basis of voluntariness and flexibility, gradually raising the statutory retirement age in a steady and orderly manner. Meanwhile, the social security system will be further improved. The unified national management system for basic pension insurance funds and the national social security public service platform will be advanced. A better social insurance system for migrant workers, those in flexible employment and new forms of employment has been called, highlighting efforts to expand the coverage of unemployment insurance, work-related injury insurance and maternity insurance, fully eliminating local residency restrictions on social insurance enrollment in which they work and refining policies for the transfer and portability of social security.

In respect of the digital economy, the deep and sound integration of the real and digital economies will be driven. It will accelerate the establishment of institutional mechanisms to foster the growth of the digital economy and improve the policy framework for advancing the digital industry and the digital transformation of traditional industries. The all-rounded popularization and full-chained application of next-generation information technology aim to accelerate the development of the industrial internet and build up a digital industry cluster with international competitiveness. Efforts will be made to promote innovative development of platform economy and improve the platform economy governance system.

On 23 August 2024, the Ministry of Human Resources and Social Security and the Office of the Central Cyberspace Affairs Commission issued the Notice of Further Strengthening the Standardized Management of the Human Resources Market (《關於進一步加強人力資源市場規範管理的通知》), in relation to tightening access management to the human resources market, enhancing oversight of online recruitment service, stepping up employment discrimination behaviors supervision, improving on-site recruitment safety management, standardising service fee practices in the market, strengthening comprehensive supervision of market activities and amplifying education and guidance for job seekers.

For an enterprise's online recruitment service business, the relevant department shall stipulate stringent regulations for recruitment information, supervise online recruitment service institutions to fulfill their responsibilities for the verification of recruitment information, normalise the verification process, strengthen the management of verification personnel and effectively ensure the authenticity and legality of recruitment information. Data security should be emphasised by adopting layered and categorised protection for data protection regulations as well as providing guidance to online recruitment service platforms on the secure management of human resources service data. The protection of personal information should also be emphasised by supervising major online recruitment service providers in enhancing integrated information protection measures encompassing technical safeguards, personnel management and institutional controls. Enterprises shall guide their access to the national public service platform for online identity authentication and provide users with secure and convenient non-plaintext identity registration and verification services. In order to effectively prevent incidents such as the leakage of personal information of job seekers, confidential and sensitive information shall legally adopt the data encryption and desensitization technology before it is released or used. The regulators shall standardize and manage the activities of employment agencies, such as livestream job-hunting and utilizing digital platforms to achieve online matching of labor supply and demand, and crack down on illegal and non-compliant behaviors in accordance with the law, such as false recruitment during the service process.

Report of the Directors

FINANCIAL RESULTS

The financial results of the Group for the year ended 31 December 2024 are set out in the audited consolidated financial statements on pages 144 to 234 in this annual report.

FINAL DIVIDENDS

The Board does not recommend the payment of a final dividend of for the year ended 31 December 2024 (for the year ended 31 December 2023: HK$0.09 per Share).

As at the date of this annual report, the Board was not aware that any Shareholders had waived or agreed to any arrangement to waive any dividends.

FINANCIAL SUMMARY

A summary of the Company's results, assets and liabilities for the last five financial years are set out on page 4 in this annual report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2024 are set out in Note 24 to the audited consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2024 are set out on pages 148 to 149 in the consolidated statement of changes in equity in this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company has distributable reserves of approximately RMB2,155.4 million in total available for distribution (2023: RMB2,167.8 million).

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2024, the Group had bank borrowings amounting to RMB455.6 million (as at 31 December 2023: RMB184.5 million). For more details, please refer to Note 26 to the audited consolidated financial statements for the year ended 31 December 2024 contained in this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2024 are set out in Note 17 to the audited consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

For the year ended 31 December 2024 and up to the latest practicable date prior to the issue of this annual report and based on the information publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the minimum public float of 25% as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles or the laws of the Cayman Islands that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Shares.

DIRECTORS

The Directors during the year ended 31 December 2024 and up to the date of this annual report are:

Executive Directors:

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

Non-executive Director:

Mr. Chen Rui

Independent Non-executive Directors:

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

In accordance with article 16.19 of the Articles at every annual general meeting of the Company one-third of the Directors for time being shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Accordingly, Mr. Zhang Jianguo, Mr. Zhang Feng and Mr. Shen Hao shall retire by rotation, and being eligible, have offered themselves for re-election at the forthcoming AGM of the Company.

The biographical details of the Directors to be re-elected at the AGM will be set out in the relevant circular to the Shareholders.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 31 to 36 in this annual report.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service contract with the Company under which they agreed to act as executive Directors for an initial term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either the executive Director or the Company.

Each of the non-executive Directors and the independent non-executive Directors has signed an appointment letter with the Company for a term of one year commencing from the Listing Date (in respect of non-executive Directors) and 29 November 2019 (in respect of independent non-executive Directors), which may be terminated by not less than one month's notice in writing served by either the respective Director or the Company. Their term of office would be extended on a monthly basis unless separate arrangement in writing or termination is made by either party.

Each of the Directors is subject to the provisions of retirement and rotation of Directors under the Articles.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors (being Ms. Chan Mei Bo Mabel, Mr. Shen Hao and Mr. Leung Ming Shu), and the Company considers such Directors to be independent from the date of their appointment to 31 December 2024 and remain so as at the date of this annual report.

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

As at 31 December 2024, the interests and short positions of the Directors and the chief executives 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(9)	Approximate percentage of shareholding interest in the Company(10) (%)
Zhang Jianguo	Interest of controlled corporation (1)	46,970,500(L)	29.97%
	Interests held jointly with other persons (4)	14,095,800(L)	9.00%
Zhang Feng	Interest of controlled corporation (2)	6,015,200(L)	3.84%
	Interests held jointly with other persons (4)	54,215,300(L)	34.60%
	Beneficial owner (2)	835,800(L)	0.53%
Zhang Jianmei	Interest of controlled corporation (3)	5,826,000(L)	3.72%
	Interests held jointly with other persons (4)	53,821,500(L)	34.35%
	Beneficial owner (3)	1,418,800(L)	0.91%
Chan Mei Bo Mabel	Beneficial owner (5)	80,000(L)	0.05%
Shen Hao	Beneficial owner (6)	80,000(L)	0.05%
Leung Ming Shu	Beneficial owner (7)	80,000(L)	0.05%

Notes:

(1) Ming Feng Holdings Limited ("**Ming Feng**") is wholly owned by Mr. Zhang Jianguo and under the SFO, Mr. Zhang Jianguo is deemed to be interested in the 46,970,500 Shares held by Ming Feng.

(2) Wu Fu Min Feng Holdings Limited ("**Wu Fu Min Feng**") is wholly owned by Mr. Zhang Feng and under the SFO, Mr. Zhang Feng is deemed to be interested in the 6,015,200 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 and 2019 Share Option Scheme which entitle him to subscribe for 455,800 Shares and 380,000 Shares, respectively.

(3) Lin Feng Holdings Limited ("**Lin Feng**") is wholly owned by Ms. Zhang Jianmei and under the SFO, Ms. Zhang Jianmei is deemed to be interested in the 5,826,000 Shares held by Lin Feng. In addition, Ms. Zhang Jianmei was granted options under the mid-senior level management pre-IPO share option scheme and 2019 Share Option Scheme which entitle her to subscribe for 928,800 Shares and 490,000 Shares, respectively.

(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) Ms. Chan Mei Bo Mabel was granted options under the 2019 Share Option Scheme which entitle her to subscribe for 80,000 Shares.

(6) Mr. Shen Hao was granted options under the 2019 Share Option Scheme which entitle him to subscribe for 80,000 Shares.

(7) Mr. Leung Ming Shu was granted options under the 2019 Share Option Scheme which entitle him to subscribe for 80,000 Shares.

(8) The Letter "L" denotes the person's long position in such Shares.

(9) As at 31 December 2024, 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 (%)
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 total number of issued shares represents the total registered capital. The percentage of shareholding is determined with reference to the percentage of subscribed registered capital of each shareholder.

Save as disclosed above, as at 31 December 2024, none of the Directors or the chief executives 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 otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2024, to the best knowledge of the Directors, 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 or 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 Shareholder	Capacity/Nature of interest	Total number of Shares/underlying Shares held(7)	Approximate percentage of shareholding interest(8) (%)
Wang Fen (1)	Interest of spouse	61,066,300(L)	38.97%
Wu Qi (2)	Interest of spouse	61,066,300(L)	38.97%
Chen Bin (3)	Interest of spouse	61,066,300(L)	38.97%
Ming Feng	Beneficial owner	46,970,500(L)	29.97%
Beyondsoft International (Singapore) Pte. Ltd. (4)	Beneficial owner	15,669,988(L)	10.00%
Beyondsoft Corporation (4)	Interest of controlled corporation	15,669,988(L)	10.00%
FIL Limited (5)	Interest of controlled corporation	13,879,683(L)	8.86%
Pandanus Associates Inc (5)	Interest of controlled corporation	13,879,683(L)	8.86%
Pandanus Partners L.P. (5)	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 61,066,300 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 61,066,300 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 61,066,300 Shares/underlying Shares in which Ms. Zhang Jianmei is interested.

(4) As Beyondsoft International (Singapore) Pte. Ltd. is wholly owned by Beyondsoft Corporation, under the SFO, Beyondsoft Corporation is deemed to be interested in the 15,669,988 Shares held by Beyondsoft International (Singapore) Pte. Ltd.

(5) Pandenus Partners L.P. holds 37.01% in FIL Limited. Pandanus Partners L.P. is wholly-owned by Pandanus Associates Inc.

(6) The Letter "L" denotes the person's long position in such Shares.

(7) As at 31 December 2024, the Company had 156,699,879 issued Shares.

Save as disclosed above, as at the date 31 December 2024, the Directors and the chief executives of the Company were not aware of any other persons (other than the Directors or chief executives 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.

As at the date of this annual report, Mr. Zhang Jianguo, an executive Director, was a director of Ming Feng. Save as above, none of the Directors of the Company is a director or employee of a company which has an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the year ended 31 December 2024 or as at 31 December 2024, there subsisted any arrangements to which the Company or any of its subsidiaries was a party that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or 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.

ISSUANCE OF SECURITIES

During the year ended 31 December 2024, no Share was issued by the Company. As at 31 December 2023, no debentures or debt securities were issued by the Company or its subsidiaries.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Since February 2018, Mr. Chen Rui has been a director of Shanghai KNX Human Resources Technology Co., Ltd. ("**KNX**"), a non-listed company incorporated in the PRC. As confirmed by Mr. Chen, he was nominated by Beijing Legend Capital Huicheng Equity Investment L.P., a venture capital fund launched by Legend Capital, to be its board representative in KNX following its investment in KNX. The business focus of KNX is the provision of recruitment and training services via its cloud computing/SaaS platform. As further confirmed by Mr. Chen, Beijing Legend Capital Huicheng Equity Investment L.P. is merely a financial investor with a minority interest in KNX, and his role in KNX is non-executive in nature. In light of the above and given that our Group's business focus is the provision of flexible staffing services, our Directors consider that our businesses and those of the businesses carried out by KNX are different in terms of business focus, and hence, do not believe that any direct or indirect competition is or is likely to be material in nature.

Save as disclosed above, none of the Directors or their associates had any interests in any business which competes or is likely to compete, directly or indirectly, with the businesses of the Group for the year ended 31 December 2024.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2024, the Group had the following connected and continuing connected transactions which are required under the Listing Rules to be disclosed in the annual report.

A. Comprehensive Flexible Staffing Service Framework Agreement

On 27 December 2023, the Company, Qihang Yuntian and Bake entered into the comprehensive flexible staffing services framework agreement (the "**2024 Comprehensive Flexible Staffing Services Framework Agreement**") to govern the terms and conditions of the transactions among the Group, the Qihang Group and the Bake Group in connection with the provision of the comprehensive flexible staffing services by the Group to the Qihang Group and the Bake Group, for a term of two years with effect from 1 January 2024 to 31 December 2025 (both days inclusive). Pursuant to the 2024 Comprehensive Flexible Staffing Services Framework Agreement, members of the Group agreed to provide the comprehensive flexible staffing services to members of the Qihang Group and the Bake Group according to separate comprehensive flexible staffing services agreements to be entered into by the relevant members of the Group with the relevant members of the Qihang Group and the Bake Group from time to time pursuant to the 2024 Comprehensive Flexible Staffing Services Framework Agreement.

Each of Qihang Yuntian and Bake is a 30%-controlled company held by Mr. Cai Yulong, who was a director of Shanghai Lingshi and Lingshi Yuntian, each being a non-wholly owned subsidiary of the Company. As a result, each of Qihang Yuntian and its subsidiaries and Bake and its subsidiaries is an associate of Mr. Cai Yulong and therefore a connected person of the Company at the subsidiary level under the Listing Rules. Accordingly, the transactions contemplated under the 2024 Comprehensive Flexible Staffing Services Framework Agreement constitute continuing connected transactions of the Company.

Under the 2024 Comprehensive Flexible Staffing Services Framework Agreement, the fees payable for the provision of the comprehensive flexible staffing services by the Group are determined by the Group, the Qihang Group and the Bake Group on normal commercial terms, negotiated on an arm's length basis. The annual caps in respect of the aggregate service fees payable under the 2024 Comprehensive Flexible Staffing Services Framework Agreement for the year ended 31 December 2024 and for the year ending 31 December 2025 is RMB35,600,000 and RMB 35,600,000, respectively. For details, please refer to the Company's announcement dated 27 December 2023.

B. Technical Personnel Supply Services Framework Agreement

On 21 September 2022, the Company and Neusoft Education entered into the technical personnel supply services framework agreement to govern the terms and conditions of the transactions between the Group and Neusoft Education Group in relation to the provision of technical personnel supply services by the Neusoft Education Group to the Group, effective from the completion of the acquisition (i.e. 28 September 2022) to 31 December 2024 (both days inclusive). Pursuant to the technical personnel supply services framework agreement, Neusoft Education agrees to provide technical personnel supply services to the Group according to separate technical personnel supply services agreements to be entered into by the relevant members of the Group with the relevant members of the Neusoft Education Group from time to time pursuant to the technical personnel supply services framework agreement.

Neusoft Education is an associate of Neusoft Holdings, which is a substantial shareholder of Shanghai Sirui, an indirect non-wholly owned subsidiary of the Company following the completion of the acquisition on 28 September 2022. As a result, Neusoft Education was a connected person of the Company at the subsidiary level under the Listing Rules. Accordingly, the transactions contemplated under the technical personnel supply services framework agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The fees payable for the provision of the technical personnel supply services by the Neusoft Education Group are determined by the Group and the Neusoft Education Group on normal commercial terms, negotiated on an arm's length basis. For details, please refer to the Company's announcements dated 21 September 2022 and 28 September 2022.

The annual caps in respect of the aggregate service fees payable under the technical personnel supply services framework agreement for the years ended 31 December 2022 and 2023, and for the year ended 31 December 2024 are RMB15,000,000, RMB30,000,000 and RMB30,000,000, respectively.

C. Modified Contractual Arrangements

The transactions contemplated under the modified series of contractual arrangements entered into by, among others, Chengdu Renrui Qicheng Education Consultation Co., Ltd. (成都人瑞啟程教育諮詢有限公司) ("**Chengdu Qicheng WFOE**"), Chengdu Tianfu, its subsidiaries and Mr. Zhang Jianguo, Mr. Zhang Feng and Ms. Zhang Jianmei (the "**Registered Shareholders**") on 1 April 2019 (the "**Modified Contractual Arrangements**") are non-exempt continuing connected transactions, which are subject to reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", the entities we control through the Modified Contractual Arrangements, namely, Chengdu Tianfu, Shanghai Renrui Network Technology Co., Ltd. (上海人瑞網絡科技有限公司) ("**Shanghai Renrui**"), Liaoning Renrui

Business Process Outsourcing Service Co., Ltd. (遼寧人瑞服務外包有限公司) ("**Liaoning Renrui**") and Beijing Ruilian Network Technology Co., Ltd. (北京瑞聯網絡科技有限公司) (which was deregistered on 9 August 2024, "**Beijing Ruilian**") (collectively, the "**Consolidated Affiliated Entities**"), are treated as the Company's wholly-owned subsidiaries, and their directors, chief executives or substantial shareholders and their respective associates are treated as the Company's connected persons.

Reasons for the Contractual Arrangements

We provide one-stop HR solutions comprising flexible staffing services, professional recruitment services, BPO services and other HR solutions in the PRC.

According to the applicable PRC laws and regulations, value-added telecommunication services (增值電信業務) (the "**VATS**") are subject to foreign investment restrictions, and there are restrictions on foreign investors in owning interests in entities holding the value-added telecommunication services licence (增值電信業務經營許可證) (the "**VATS Licence**") in the PRC. In particular, based on the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2018) (外商投資准入特別管理措施(負面清單)(2018年版)) issued by the Ministry of Commerce of the People's Republic of China (中華人民共和國商務部) (the "**MOFCOM**") and the National Development and Reform Commission on 28 June 2018, which took effect on 28 July 2018, (the "**Old Negative List**") and the consultations with the Market Division of Information and Communication Administration (信息通信管理局市場處) of the Ministry of Industry and Information Technology of the People's Republic of China (中華人民共和國工業和信息化部) (the "**MIIT**") conducted on 18 January 2019 and 1 February 2019 (the "**MIIT Consultations**") and as advised by our PRC legal advisor, (i) the operation of the Qingyun Recruitment Platform (previously known as Xiang Recruitment Platform) by Shanghai Renrui to provide the recruitment services, which forms part of our professional recruitment services (including all of our paid membership services) and provides support to our flexible staffing services and BPO services (the "**Shanghai Renrui Recruitment Services**"), constitutes the provision of commercial Internet information services to online users, which is a type of VATS, and (ii) the provision of a specific type of BPO services catered for the clients' needs for client service call center representatives whereby the comprehensive flexible staffing employees work at our Group's premises under our Group's direct supervision (the "**Client Service Representative BPO Services**") operated by Liaoning Renrui constitutes the provision of call center services, which is another type of VATS (collectively, the "**Relevant Businesses**"). The Relevant Businesses involve the provision of the VATS and were subject to foreign ownership restriction under the Old Negative List.

Although the provision of flexible staffing services is not explicitly subject to any foreign investment restrictions under the relevant PRC legal and regulatory framework, a specific type of flexible staffing services catered for the clients' needs for client service call center representatives whereby the comprehensive flexible staffing employees work at the clients' premises pursuant to work assignments set by the clients (the "**Client Service Representative Flexible Staffing Services**") conducted by Beijing Ruilian is subject to the requirement (the "**Client-imposed Licence Requirement**") imposed by certain clients of our Group, as set out in the relevant client contracts, tender documents, and/or as confirmed by these clients, that the relevant contracting entity of our Group which provides Client Service Representative Flexible Staffing Services to such clients must be a holder of the VATS Licence in the category of call center services (the "**VATS Call Center Licence**"). Since all the Client Service Representative Flexible Staffing Services subject to Client-imposed Licence Requirement conducted by Beijing Ruilian and the relevant contracts have been terminated and/or transfered to Liaoning Corporate (as defined below), Beijing Ruilian was deregistered on 9 August 2024.

Furthermore, there is no clear guidance or interpretation on the applicable qualification requirements. Therefore, we could not hold any equity interest in Chengdu Tianfu (certain wholly-owned subsidiaries of which hold the VATS Licences) and/or its wholly-owned subsidiaries, including Shanghai Renrui, Liaoning Renrui and Beijing Ruilian, which currently operate the Relevant Businesses and/or hold the VATS Licences. Please refer to the sections headed "Contractual Arrangements — PRC Laws and Regulations relating to Foreign Ownership Restrictions –"Restrictions on foreign ownership in Shanghai Renrui Recruitment Services and Client Service Representative BPO Services" and "Restrictions on foreign ownership in Client Service Representative Flexible Staffing Services subject to the Client-imposed Licence Requirement" on pages 172 to 178 of the Prospectus for further details of their business activities. During the year ended 31 December 2024, through the Consolidated Affiliated Entities and based on the Old Negative List and the MIIT Consultations, our

Company operated (i) the Shanghai Renrui Recruitment Services, (ii) the Client Service Representative BPO Services and (iii) the Client Service Representative Flexible Staffing Services subject to the Client-imposed Licence Requirement (prior to the deregistration of Beijing Ruilian).

Under the Modified Contractual Arrangements, Chengdu Qicheng WFOE has acquired effective control over the financial and operational policies of our Consolidated Affiliated Entities, and has become entitled to all the economic benefits derived from their operations.

Our Directors believe that the Modified Contractual Arrangements are fair and reasonable because: (i) the Modified Contractual Arrangements were freely negotiated and entered into between on the one hand Chengdu Qicheng WFOE, which is an indirect wholly-owned subsidiary of our Company established in the PRC, and, on the other hand and among others, Chengdu Tianfu, its subsidiaries, and the Registered Shareholders, (ii) by entering into the Exclusive Services Agreement (as defined below) with Chengdu Qicheng WFOE, the Consolidated Affiliated Entities will enjoy better economic and technical support from us, as well as a better market reputation after the Listing, and (iii) a number of other companies whose shares are listed on the Stock Exchange use similar arrangements to accomplish the same purpose.

Subsequently, on 30 June 2019, the MOFCOM and the National Development and Reform Commission issued the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2019) (外商投資准入特別管理措施(負面清單)(2019年版)) (the "**New Negative List**"), which took effect on 30 July 2019 and superseded the Old Negative List. According to the New Negative List, the restrictions on foreign ownership percentage to no more than 50% no longer apply to call center services and the holder of the VATS Call Center Licence. Despite the lack of further guidance on, among others, the interpretation and implementation of the New Negative List and the impact of the New Negative List on the processing of applications for the VATS Call Center Licence by the relevant regulatory authorities after the telephone consultations with the MIIT and subsequent searches on the official website of the MIIT, our Company has established Liaoning Renrui Corporate Business Process Outsourcing Service Co., Ltd. (遼寧人瑞企業服務外包有限責任公司) ("**Liaoning Corporate**"), an indirect wholly-owned subsidiary of our Company, on 10 September 2019. Liaoning Corporate has on 23 September 2019 submitted to the MIIT the application for the VATS Call Center Licence, and it obtained on 30 July 2021 the VATS Call Center Licence issued by the Ministry of Industry and Information Technology, which is a license that must be held for the operation of Client Service Representative BPO Services. As at 31 December 2024, all of the Client Service Representative Flexible Staffing Services subject to the Client-imposed Licence Requirement conducted by Beijing Ruilian had already been transferred to Liaoning Corporate. In respect of the Client Service Representative BPO Services conducted by Liaoning Renrui, during the year ended 31 December 2024, 18 contracts originally signed with Liaoning Renrui have been transferred to Liaoning Corporate. As at 31 December 2024, Liaoning Renrui had 4 subsisting contracts for the provision of Client Service Representative BPO Services, 2 of which have been transferred to Liaoning Corporate as at the date of this annual report, with the remaining 2 contracts expected to be transferred to Liaoning Corporate upon expiry of the term of the respective contract. The Company expects to complete the transfer of such contracts by the end of 2025. The amount of revenue our Group derived from the Client Service Representative BPO Services amounted to approximately RMB0.6 million (2023: RMB3.5 million), and accounted for approximately 0.01% of our Group's total revenue (2023: 0.1%) for the year ended 31 December 2024. For more details, please refer to the Section headed "Contractual Arrangements — PRC Laws and Regulations relating to Foreign Ownership Restrictions — Subsequent Development in Response to the New Negative List" on Pages 178 to 181 of the Prospectus.

Qualification Requirements

In addition to restrictions on foreign ownership, there are also regulatory requirements on the experience and operations of a foreign investor who intends to invest in the VATS in the PRC.

The Regulations for the Administration of Foreign-Invested Telecommunications Enterprises 《外商投資電信企業管理規定》(the "**FITE Regulations**") was promulgated on 11 December 2001 and amended on 6 February 2016 by the State Council. According to the FITE Regulations, foreign investor in a foreign-invested telecommunications enterprise that is engaged in VATS shall have a proven track record and experience in operating VATS under the relevant regulations (the "**VATS Qualification Requirement**"). Subsequently, on 29 March 2022, the State Council issued The Decision of the State Council on the Amendment and Abolishment of Certain Administrative Regulations (the "**2022 Decision**"), which repealed the VATS Qualification Requirement for foreign investors in the FITE Regulations, which took effect on 1 May 2022. No applicable PRC laws, regulations or rules can by far provide clear guidance or interpretation for the implementation of the 2022 Decision.

Efforts and Actions Undertaken to Comply with the Qualification Requirements

According to the existing FITE Regulations, the foreign investor in a foreign-invested telecommunications enterprise that is engaged in VATS must possess the VATS Qualification Requirement.

We have taken the following measures to meet the VATS Qualification Requirement, so as to be qualified to acquire the relevant interests in Chengdu Tianfu and its subsidiaries, namely, Shanghai Renrui and Liaoning Renrui, which are permitted to be held by a foreign investor when there is clear guidance or interpretation of the VATS Qualification Requirement or the foreign investment restrictions in operating the VATS and/or holding the VATS Licence are lifted:

- Renrui Human Resources Technology (Hong Kong) Limited (previously known as Renrui Education (Hong Kong) Limited, "**Renrui (HK)**") and Global Reach Human Resources Limited (previously known as Tournesol Human Resources Limited, "**Global Reach**"), both wholly-owned subsidiaries of our Company, have been incorporated in Hong Kong for the purposes of establishing and expanding our operations overseas;

- we have applied for, and are in the process of registering, trademarks outside the PRC for the promotion of our relevant businesses overseas;

- we have obtained four domain names outside the PRC, and are in the process of constructing our overseas website, primarily for introducing our relevant businesses to overseas users; and

- we have obtained a Hong Kong local phone number for the promotion of our call centre businesses overseas.

However, the 2022 Decision which was valid on 1 May 2022 repealed the proven record and operating experience requirement for foreign investors in the FITE Regulations. No applicable PRC laws, regulations or rules can by far provide clear guidance or interpretation for the implementation of the 2022 Decision. There is still great uncertainty in the true construction and implementation of the 2022 Decision and relevant regulations by government bodies.

Risks Relating to the Contractual Arrangements

We believe the following risks are associated with the Modified Contractual Arrangements. Further details of these risks are set out on pages 71 to 80 of the Prospectus.

- The PRC government may determine that the Modified Contractual Arrangements do not comply with applicable PRC laws and regulations, which may subject us to severe penalties, and our business may be materially and adversely affected.

- Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law of the PRC (中華人民共和國外商投資法) (promulgated by the National People's Congress on 15 March 2019 and effective on 1 January 2020) and it may impact the viability of our current corporate structure, corporate governance and business operations.

- Our Modified Contractual Arrangements may not be as effective in providing control over the Consolidated Affiliated Entities as direct ownership.

- The owners of our Consolidated Affiliated Entities may have conflicts of interest with us, which may materially and adversely affect our business and financial condition.

- Our exercise of the option to acquire the equity interests in and/or the relevant assets of Chengdu Tianfu may be subject to certain limitations and we may incur substantial costs.

- Our Modified Contractual Arrangements may be subject to scrutiny by PRC tax authorities and additional tax may be imposed, which may materially and adversely affect our results of operations and the value of the investment of our Shareholders.

- Substantial uncertainties exist with the regulations regarding foreign ownership restrictions and the New Negative List may impact the viability of our current corporate structure, corporate governance and business operations.

- Certain terms of the Modified Contractual Arrangements may not be enforceable under PRC laws.

- We rely on dividend and other payments from Chengdu Qicheng WFOE and Renrui HR Group, which is an indirect wholly-owned subsidiary of our Company and was held as to 95% by Renrui (HK) and 5% by Global Reach as at the date of this annual report after an increase in subscribed capital contribution by Renrui (HK) on 10 July 2020, to pay dividends and other cash distributions to our Shareholders and any limitation on the ability of Chengdu Qicheng WFOE or Renrui HR Group to pay dividends to us would materially and adversely limit our ability to pay dividends to our Shareholders.
- If any of our Consolidated Affiliated Entities becomes subject to winding up or liquidation proceedings, we may lose the ability to use certain important assets, which could negatively impact our business and materially and adversely affect our ability to generate revenue.

Modified Contractual Arrangements in Place

A brief description of the major terms of the Modified Contractual Arrangements which were in place during the year ended 31 December 2024 is as follows:

Exclusive Services Agreement

Pursuant to the exclusive services agreement entered into among Chengdu Qicheng WFOE, Chengdu Tianfu and its subsidiary entities as described therein which include our Consolidated Affiliated Entities, and the Registered Shareholders on 1 April 2019 (the "**Exclusive Services Agreement**"), Chengdu Qicheng WFOE has the exclusive right to provide or to designate any third party to provide technical support and consultancy services to our Consolidated Affiliated Entities. Such services to our Consolidated Affiliated Entities include comprehensive technical support and business support, corporate management consultancy, intellectual property licensing services, advisory services on asset and business operation, debt disposal, material contracts or mergers and acquisitions, employee training, technology development, transfer and consulting services, public relation services, market survey, research and consulting services, market development and planning services, human resources and internal information management, network development, upgrade and ordinary maintenance services, sales of proprietary products, software and trademark and other types of intellectual property rights and other additional services as the parties may mutually agree from time to time. Without Chengdu Qicheng WFOE's prior written consent, none of our Consolidated Affiliated Entities and the Registered Shareholders may accept services covered by the Exclusive Services Agreement from any third party. Chengdu Qicheng WFOE exclusively owns all intellectual property rights arising out of the performance of this agreement.

Pursuant to the Exclusive Services Agreement, Chengdu Tianfu and the Registered Shareholders have undertaken to procure any subsidiary entity to be established after the date of such agreement invested and controlled by Chengdu Tianfu to acknowledge that it will assume the rights and obligations as a subsidiary entity of Chengdu Tianfu under the agreement. In consideration of the services provided by Chengdu Qicheng WFOE or its designated third party, our Consolidated Affiliated Entities agreed to pay service fees equal to total revenue deducting the relevant costs, fees, tax expenses and reserved funds as required by applicable PRC laws and regulations to Chengdu Qicheng WFOE or its designated third party which provided the services, and they will agree with Chengdu Qicheng WFOE or its designated third party which provided the services on the actual amount of the service fees to be paid based on the actual situation. The Exclusive Services Agreement shall remain valid during the term of operation of each of the parties to the agreement unless the parties mutually agree to terminate. In addition, during the period of validity, Chengdu Qicheng WFOE has the unilateral right to terminate by providing 30 days' advance written notice to Chengdu Tianfu and the Registered Shareholders.

Exclusive Option Agreement

Under the exclusive option agreement entered into among Chengdu Qicheng WFOE, the Registered Shareholders and Chengdu Tianfu on 1 April 2019 (the "**Exclusive Option Agreement**"), the Registered Shareholders agreed to grant Chengdu Qicheng WFOE an exclusive, unconditional and irrevocable option for Chengdu Qicheng WFOE or its designated third party to purchase all or part of the equity interests in and/or the relevant assets of Chengdu Tianfu at the lowest price permitted under the PRC laws and regulations, under circumstances in which Chengdu Qicheng WFOE or its designated third party is permitted under PRC laws and regulations to own all or part of the equity interests in and/or the relevant assets of Chengdu Tianfu. The Registered Shareholders shall return the amount of purchase price they have received to Chengdu Tianfu, Chengdu Qicheng WFOE or its designated third party as requested by Chengdu Qicheng WFOE after deduction of the relevant expenses, expenditure and taxes. The Exclusive Option Agreement shall remain valid unless Chengdu Qicheng WFOE or its designated third party exercises the option and has acquired all of the equity interests in and/or the relevant assets of Chengdu Tianfu, or all parties to the Exclusive Option Agreement have executed a written agreement to terminate the Exclusive Option Agreement, whichever is earlier.

Share Pledge Agreement

Pursuant to the share pledge agreement entered into among Chengdu Qicheng WFOE, the Registered Shareholders and Chengdu Tianfu on 1 April 2019 (the "**Share Pledge Agreement**"), the Registered Shareholders unconditionally and irrevocably pledged all of their equity interests in Chengdu Tianfu as the first charge to Chengdu Qicheng WFOE to guarantee performance of the obligations of Chengdu Tianfu and its subsidiary entities as described therein which include our Consolidated Affiliated Entities, and the Registered Shareholders under the Share Pledge Agreement, the Exclusive Option Agreement, the Exclusive Services Agreement and the Exclusive Business Operation Agreement (as defined below, including Powers of Attorney (as defined below)). The Share Pledge Agreement shall remain valid until (i) the full performance, or the nullification or termination of the Exclusive Option Agreement, the Exclusive Services Agreement and the Exclusive Business Operation Agreement (including Powers of Attorney), or (ii) all parties to the Share Pledge Agreement have executed a written agreement to terminate the Share Pledge Agreement, whichever is later.

Exclusive Business Operation Agreement

Pursuant to the business operation agreement entered into among Chengdu Qicheng WFOE, Chengdu Tianfu and its subsidiary entities as described therein which include our Consolidated Affiliated Entities, and the Registered Shareholders on 1 April 2019 (the "**Exclusive Business Operation Agreement**"), the Registered Shareholders agreed that, unless with the prior written consent from Chengdu Qicheng WFOE or its designated third party, Chengdu Tianfu and its subsidiary entities will not conduct any transaction that may have impact on their assets, businesses, manpower, obligations, rights or the operation of these companies on terms as set out in the Exclusive Business Operation Agreement. Chengdu Tianfu and the Registered Shareholders agreed to accept and strictly enforce the advice from Chengdu Qicheng WFOE regarding the recruitment and dismissal of employees, daily operation management and financial management of Chengdu Tianfu and its subsidiary entities. The Exclusive Business Operation Agreement shall remain valid during the term of operation of each of the parties to the agreement unless Chengdu Qicheng WFOE exercises its unilateral right to terminate by providing 30 days' advance written notice to Chengdu Tianfu and the Registered Shareholders.

Powers of Attorney

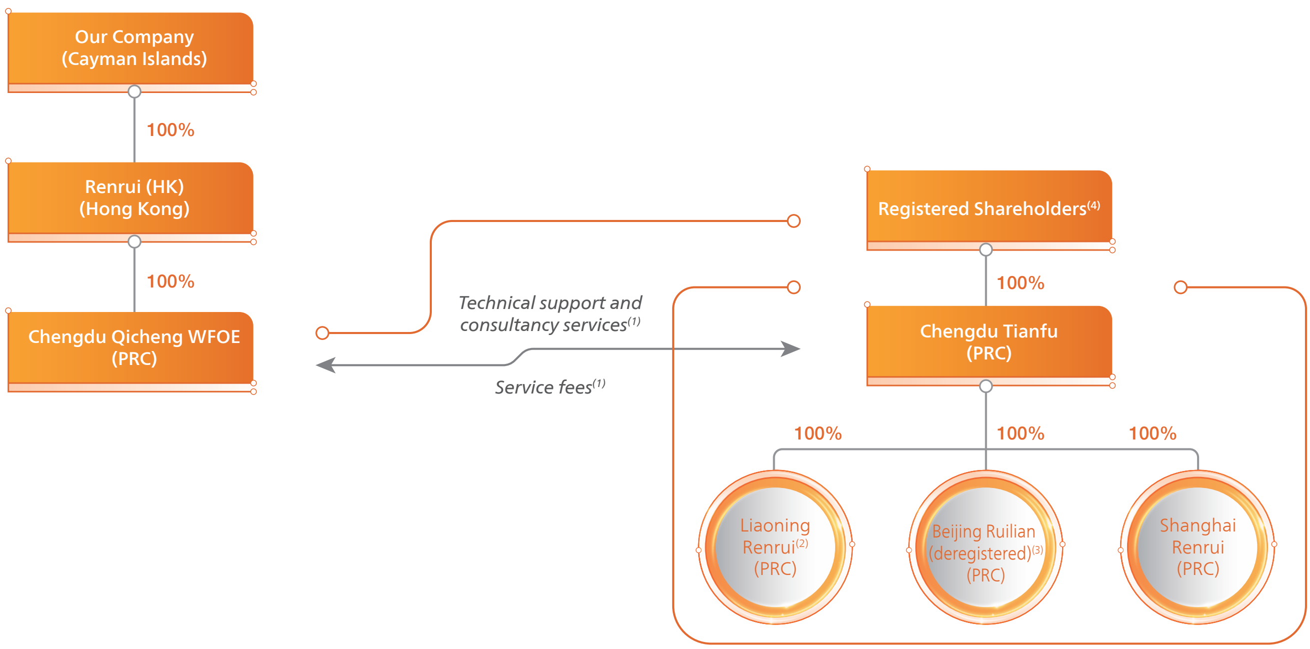
Each of the Registered Shareholders and Chengdu Tianfu has entered into irrevocable powers of attorney with Chengdu Qicheng WFOE dated 1 April 2019 (the "**Powers of Attorney**") appointing Chengdu Qicheng WFOE, or any person designated by Chengdu Qicheng WFOE, as his/her/its attorney-in-fact to, among others, appoint directors and vote on his/her/its behalf on all matters of our Consolidated Affiliated Entities requiring shareholders' approval under their respective articles of association (as applicable) and under the relevant PRC laws. These Powers of Attorney will remain effective as long as each of the Registered Shareholders and Chengdu Tianfu remain a shareholder of Chengdu Tianfu or its subsidiary entities (as the case maybe), unless Chengdu Qicheng WFOE requests to replace the appointed designee under the Powers of Attorney.

Spouses' Undertakings

Ms. Wang Fen, Ms. Wu Qi, and Mr. Chen Bin, being the respective spouses of the Registered Shareholders, executed unconditional and irrevocable consent letters on 1 April 2019 (the "**Spouses' Undertakings**") whereby he or she unconditionally and irrevocably (i) acknowledged the entry into of the Modified Contractual Arrangements by Mr. Zhang Jianguo, Mr. Zhang Feng and Ms. Zhang Jianmei, respectively; (ii) undertook that he or she shall not take any actions that are in conflict with the purpose and intention of the Modified Contractual Arrangements, including asserting that any equity interests held by Mr. Zhang Jianguo, Mr. Zhang Feng and Ms. Zhang Jianmei, respectively, fall within the scope of their communal properties; and (iii) confirmed that his or her authorization or consent is not required for the implementation of the Modified Contractual Arrangements, any amendments or the termination thereof.

For details of the Modified Contractual Arrangements, please refer to the section headed "Contractual Arrangements" in the Prospectus.

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group stipulated under the Modified Contractual Arrangements.



Notes:

"○——○" denotes direct legal and beneficial ownership in the equity interest.

"◄——►" denotes contractual relationship.

"○——○" denotes control by Chengdu Qicheng WFOE over the Registered Shareholders and Chengdu Tianfu primarily through (i) powers of attorney to exercise all shareholders' rights in Chengdu Tianfu, (ii) exclusive options to acquire all or part of the equity interests in and/or assets of Chengdu Tianfu and (iii) share pledges over the equity interests in Chengdu Tianfu.

(1) Our Consolidated Affiliated Entities will pay services fees to Chengdu Qicheng WFOE in exchange for technical support and consultancy services.

(2) We intend to deregister Liaoning Renrui in the event that all relevant contracts entered into by Liaoning Renrui have been transferred to Liaoning Corporate.

(3) Since all the Client Service Representative Flexible Staffing Services subject to Client-imposed Licence Requirement conducted by Beijing Ruilian and the relevant contracts have been terminated and/or transfered to Liaoning Corporate, Beijing Ruilian was deregistered on 9 August 2024.

(4) Chengdu Tianfu is held as to 80%, 10% and 10% by Mr. Zhang Jianguo, Mr. Zhang Feng and Ms. Zhang Jianmei, respectively.

Apart from the above, there are no other new contractual arrangements entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entities during the financial year ended 31 December 2024. There was no material change in the Modified Contractual Arrangements and/or the circumstances under which they were adopted for the year ended 31 December 2024.

For the year ended 31 December 2024, none of the Modified Contractual Arrangements has been unwound as none of the restrictions that led to the adoption of structured contracts under the Modified Contractual Arrangements has been removed. As at 31 December 2024, we had not encountered interference or encumbrance from any PRC governing bodies in operating our businesses through our Consolidated Affiliated Entities under the Modified Contractual Arrangements.

We have been advised by our PRC legal advisor that the Modified Contractual Arrangements do not violate the relevant PRC laws and regulations.

The amount of revenue our Group generated from our Consolidated Affiliated Entities for the year ended 31 December 2024 was approximately RMB56.8 million (2023: RMB126.0 million), which accounted for approximately 1.0% of our total revenue (2023: 2.8%), representing a decrease of 1.8 percentage points as compared to that of 2023.

The net assets of our Consolidated Affiliated Entities were approximately RMB325.3 million as at 31 December 2024 (2023: approximately RMB367.1 million).

Mitigation Actions Taken by the Company

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Modified Contractual Arrangements and our compliance with the Modified Contractual Arrangements:

1. major issues arising from the implementation and compliance with the Modified Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;

2. our Board will review the overall performance of and compliance with the Modified Contractual Arrangements at least once a year;

3. our Company will disclose the overall performance and compliance with the Modified Contractual Arrangements in our annual reports; and

4. our Company has engaged external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Modified Contractual Arrangements, review the legal compliance of Chengdu Qicheng WFOE and our Consolidated Affiliated Entities to deal with specific issues or matters arising from the Modified Contractual Arrangements.

The Extent to which the Contractual Arrangements Relate to Requirements Other than the Foreign Ownership Restriction

All of the Modified Contractual Arrangements are subject to the restrictions as set out on pages 168 to 182 and pages 191 to 196 of the Prospectus.

Listing Rule Implications

The highest applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the transactions under the Modified Contractual Arrangements are expected to be more than 5%. As such, these transactions will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Waiver from the Stock Exchange and Annual Review

The Stock Exchange has granted the Company a waiver from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Modified Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, and (ii) the requirement of setting an annual cap for the transactions under the Modified Contractual Arrangements under Rule 14A.53 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange subject however to the following conditions:

a) no change without independent non-executive Directors' approval;

b) no change without independent Shareholders' approval;

c) the Modified Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by our Consolidated Affiliated Entities;

d) the Modified Contractual Arrangements may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the Modified Contractual Arrangements; and

e) our group will disclose details relating to the Modified Contractual Arrangements on an on-going basis.

During the year ended 31 December 2024, the Company had complied with the waiver conditions set out by the Stock Exchange and all necessary Listing Rules requirements as required by the Stock Exchange.

Annual Revenue Cap on Client Service Representative Flexible Staffing Services subject to the Client-imposed Licence Requirement

As disclosed on page 175 of the Prospectus, our Group has adopted the annual cap on the revenue derived from the contracts subject to the Client-imposed Licence Requirement of no more than 5% of our Group's revenue in respect of the relevant year (the "**Annual Revenue Cap**").

For the year ended 31 December 2024, the Group derived nil revenue from the the Client Service Representative Flexible Staffing Services subject to Client-imposed Licence Requirement through Consolidated Affiliated Entities. Since all the Client Service Representative Flexible Staffing Services subject to Client-imposed Licence Requirement conducted by Beijing Ruilian and the relevant contracts have been terminated and/or transfered to Liaoning Corporate, Beijing Ruilian was deregistered on 9 August 2024. The Group no longer conducts any Client Service Representative Flexible Staffing Services subject to Client-imposed Licence Requirement through the Modified Contractual Arrangements following the deregistration of Beijing Ruilian.

Confirmations from the Independent Non-executive Directors and the Auditor on the Connected Transactions

For transactions contemplated under the 2024 Comprehensive Flexible Staffing Services Framework Agreement and the technical personnel supply services framework agreement as disclosed in section A and section B above, in accordance with Listing Rule 14A.55, the independent non-executive Directors have reviewed such transactions conducted during the year ended 31 December 2024 and confirmed that these transactions have been entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole. The actual transaction amount of the transactions disclosed above for the year ended 31 December 2024 has not exceeded their respective annual caps.

In relation to the Modified Contractual Arrangements as disclosed in section C above, the independent non-executive Directors have confirmed that for the year ended 31 December 2024:

a) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Modified Contractual Arrangements and have been operated so that the revenue generated by the Consolidated Affiliated Entities has been substantially retained by Chengdu Qicheng WFOE;

b) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group;

c) no new contracts were entered into, renewed or reproduced between our Group and the Consolidated Affiliated Entities during the reporting period;

d) the revenue generated from transactions carried out pursuant to the Modified Contractual Arrangements (subject to the Client-imposed Licence Requirement) for the year ended 31 December 2024 has not exceeded the Annual Revenue Cap; and

e) the Modified Contractual Arrangements are entered into in the ordinary and usual course of business of our Group on normal commercial terms and according to the relevant agreements governing them on terms that are fair, reasonable and advantageous, so far as our Group is concerned and in the interests of our Company and the Shareholders of our Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Board has received a letter issued by the auditor of the Company in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants, confirming that, with respect to the transactions contemplated under the 2024 Comprehensive Flexible Staffing Services Framework Agreement and the technical personnel supply services framework agreement, and the transactions carried out pursuant to the Modified Contractual Arrangements during the year ended 31 December 2024:

a) nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors;

b) for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

c) nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions;

d) with respect to the aggregate amount of each of the continuing connected transactions (other than those transactions with Chengdu Tianfu under the contractual arrangements) set out above, nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company;

e) with respect of the disclosed continuing connected transactions with Chengdu Tianfu under the contractual arrangements, nothing has come to the auditor's attention that causes the auditor to believe that dividends or other distributions have been made by Chengdu Tianfu to the holders of the equity interests of Chengdu Tianfu which are not otherwise subsequently assigned or transferred to the Group.

D. Acquisitions of Further Equity Interests in Two Subsidiaries of the Company

On 18 October 2024, (i) Renrui Human Resources Group, Qihang Yuntian and Jiangnan Finance entered into a sale and purchase agreement, pursuant to which, Renrui Human Resources Group has agreed to purchase and each of Qihang Yuntian and Jiangnan Finance has agreed to sell 26% and 5% of equity interests in Lingshi Yuntian, respectively, at a consideration of RMB6,500,000 and RMB1,250,000, respectively; and (ii) Renrui Human Resources Group and Qihang Yuntian entered into a sale and purchase agreement, pursuant to which, Renrui Human Resources Group has agreed to purchase and Qihang Yuntian has agreed to sell 31% of equity interests in Shanghai Lingshi at a consideration of RMB1,250,000. Upon completion of the further acquisitions as contemplated under the aforementioned sale and purchase agreements (the "**Further Acquisitions**"), the Company's equity interests in each of Lingshi Yuntian and Shanghai Lingshi shall increase from 59% to 90%, and each of Lingshi Yuntian and Shanghai Lingshi would continue to be a non-wholly owned subsidiary of the Company.

As both of the sale and purchase agreements were entered into with, among others, Qihang Yuntian as vendor, the Further Acquisitions are aggregated pursuant to Rule 14.22 of the Listing Rules as if they were one transaction for the purpose of calculating the percentage ratios. As one or more of the applicable percentage ratios in respect of the Further Acquisitions exceeds 5% but are all less than 25%, the Further Acquisitions constitute a discloseable transaction for the Company under the Listing Rules and are therefore subject to reporting and announcement requirements, but are exempt from the circular and shareholders' approval requirements, pursuant to Chapter 14 of the Listing Rules.

As Qihang Yuntian was a substantial shareholder of Lingshi Yuntian and Shanghai Lingshi, each being a non-wholly owned subsidiary of the Company, Qihang Yuntian was accordingly a connected person of the Company at the subsidiary level under the Listing Rules. As a result, the Further Acquisitions constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. In addition, as both sale and purchase agreements were entered into with, among others, Qihang Yuntian as vendor, the Further Acquisitions are aggregated pursuant to Rule 14A.81 of the Listing Rules as if they were one transaction for the purpose of calculating the percentage ratios. As the highest applicable percentage ratio (other than the profits ratio as defined under the Listing Rules) is less than 5%, the Further Acquisitions are subject to reporting and announcement requirements, but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules. Please refer to the Company's announcement dated 18 October 2024 for more details.

Save as disclosed above, during the year ended 31 December 2024, we have not entered into any non-exempt connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no Director or an entity connected with a Director was materially interested, either directly or indirectly, in any transaction, arrangement or contract which is of significance in relation to the business of the Group subsisting during the year ended 31 December 2024 or as at 31 December 2024.

CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, (i) no contract of significance was entered into between the Company, or one of its subsidiary companies, and a controlling shareholder of the Company or any of its subsidiaries during the year ended 31 December 2024; and (ii) no contract of significance was entered into for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries during the year ended 31 December 2024.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2024 between the Company and a person other than a Director or any person engaged in the full-time employment of the Company.

DIRECTORS' PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, the Company shall indemnify any Director out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director of the Company in defending any proceeding, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted. The Company has arranged appropriate directors' liability insurance coverage for the Directors as at the date of this annual report.

HR

As at 31 December 2024, we had a total of 44,058 employees including 1,168 internal employees and 42,890 comprehensive flexible staffing employees and labor disptach employees.

STAFF, EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

As at 31 December 2024, we had 1,168 internal employees (as at 31 December 2023: 1,007 internal employees). Total remuneration expenses for internal employees, including remuneration for Directors, for the year ended 31 December 2024 amounted to RMB291.7 million (for the year ended 31 December 2023: RMB167.8 million). The remuneration package for our employees generally includes salaries, bonuses and allowances. Other staff benefits include social insurance and housing provident contribution made by the Group, employee housing borrowing plan, and share options and share awards available under the share schemes of the Company. Our remuneration policies are formulated based on the performance of individual employees and benchmarked against the market with reference to the Company's long-term goals and objectives, and are reviewed regularly.

The employee housing borrowing plan was implemented in June 2021 upon approval by the Remuneration Committee and the Board with a view to enhancing employee benefits and thereby increasing the stability of employees. On 1 February 2024, the extension plan of the employee housing borrowing plan was approved by the Remuneration Committee for an extension of term of 3 years, and the annual interest rate was adjusted from 2.0% to 3.0%. As at 31 December 2024, the principal amount of borrowings granted to employees under the employee housing borrowing plan which remained outstanding was approximately RMB35.4 million, representing approximately 1.3% of the total assets of the Company as at 31 December 2024. Such principal amount was loaned to a total of 28 employees, with an average principal loan amount of RMB1.3 million for each employee. According to the renewed loan agreement signed by each employee in 2024, the loan was repayable in three years from the date of the respective loan agreement with an annul interest rate of 3.0%.

The Remuneration Committee was set up for reviewing the Company's emolument policy and structure for all remuneration of the Directors and senior management of the Company, and the remuneration policy of the Company for the Directors takes into account the Company's operating results, duties, responsibilities, experiences, skills, time commitment and individual performance of the Directors and senior management and comparable market practices.

Details of the emoluments of the Directors and five highest paid individuals for the year ended 31 December 2024 are set out in Note 7 and Note 8 to the audited consolidated financial statements.

RELATED PARTY TRANSACTIONS

Details of the material related party transactions undertaken by the Group in its normal course of business are set out in Note 32 to the audited consolidated financial statements of the Group for the year ended 31 December 2024 contained in this annual report. To the best knowledge of the Directors, (i) the related party transactions in respect of the remuneration of the Directors of the Company constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are fully exempt from the requirements under Chapter 14A of the Listing Rules; and (ii) save as disclosed under (i), no other related party transactions disclosed in the audited consolidated financial statements constituted a connected transaction or a continuing connected transaction as defined under the Listing Rules. In respect of connected transactions and the continuing connected transactions the Group conducted during the year ended 31 December 2024, the Company has complied with the requirements under Chapter 14A of the Listing Rules (including following the pricing policies stipulated under the relevant agreements when determining the price and terms of the continuing connected transactions as applicable). Please refer to the section headed "CONNECTED AND CONTINUING CONNECTED TRANSACTIONS" for more details.

SHARE OPTION SCHEMES

1. Pre-IPO Share Option Schemes

The Company conditionally adopted two pre-IPO share option schemes predominantly for certain mid-senior level management members of our Group (i.e. the Mid-senior Level Management Pre-IPO SOS) and certain non-managerial employees of our Group (i.e. the Non-managerial Employee Pre-IPO SOS) respectively on 12 March 2019 (collectively, the "**Pre-IPO Share Option Schemes**").

The purpose of the Pre-IPO Share Option Schemes is to enable our Group to grant options to the participants as incentives or rewards for their contribution to our Group, in particular, (i) to motivate them to optimise their performance and efficiency for the benefit of our Group; (ii) to attract and retain them whose contributions are or will be beneficial to our Group; and (iii) to encourage them to enhance cooperation and communication amongst team members for the growth of our Group.

(i) Mid-senior Level Management Pre-IPO SOS

(a) Who may join

Our Board shall have the right to invite and determine any person belonging to any of the following classes of eligible participants, to take up options to subscribe for Shares: (i) mid-senior level management member(s) (including directors) of any Group company or any advisors/consultants, or (ii) former mid-senior level management member(s) (including former directors) of any Group company who hold unexercised and valid options previously granted by any Group company.

(b) Maximum number of Shares

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Mid-senior Level Management Pre-IPO SOS at any time shall not exceed 17,142,600 Shares, representing approximately 10.9% of the total issued Shares of the Company as at the date of this annual report.

(c) Acceptance of grant of options

A grant of options shall be accepted upon payment of RMB1.00 in accordance with the scheme rules.

(d) Performance target

The right to exercise an option is not subject to or conditional upon the achievement of any performance target, unless otherwise stated in the grant by way of a supplemental confirmation letter or any letter.

(e) Vesting period

Any option granted to the participant(s) shall be subject to the vesting period stated herein below. For each of the participant(s), provided that he/she remains in employment with any Group company: (i) one-fourth (1/4) of the options granted to him/her shall be vested on the day immediately following the expiry of a period of six months after the Listing Date; (ii) another one-fourth (1/4) of the options so granted shall be vested on the day immediately following the expiry of a period of 12 months after the Listing Date; (iii) another one-fourth (1/4) of the options so granted shall be vested on the day immediately following the expiry of a period of 18 months after the Listing Date; and (iv) the remaining one-fourth (1/4) of the options so granted shall be vested on the day immediately following the expiry of a period of 24 months after the Listing Date. Our Board reserves the right to vary or accelerate the vesting of the options in such circumstances as it, in its absolute discretion, deems appropriate and any such variation or acceleration shall be effective only when set forth in a written instrument executed with the authority of our Board.

(f) Exercise of option

An option may be exercised by the grantee (or, as the case may be, by his legal personal representative(s)) giving notice in writing to our Company copying the relevant committee and the relevant trustee in the form set out in the Mid-senior Level Management Pre-IPO SOS or in such other form as may be approved by our Board from time to time.

(g) Basis of determining the subscription price

The subscription price shall be set out in a supplemental confirmation letter or any letter or such other price as our Board may from time to time decide in its absolute discretion and notify to the participant(s) and shall be no less than the par value of the Share in any event, subject to adjustment in accordance with the Mid-senior Level Management Pre-IPO SOS.

(h) Exercise period

An option shall be exercised before the expiry of eight years from the adoption date of the Pre-IPO Share Option Schemes or as the Board may otherwise determine, which shall not commence before the Listing Date.

(ii) ***Non-managerial Employee Pre-IPO SOS***

Save for the following terms, all of the terms of the Non-managerial Employee Pre-IPO SOS are substantially the same with those of the Mid-senior Level Management Pre-IPO SOS.

(a) Who may join

Our Board shall have the right to invite and determine any person belonging to any of the following classes of eligible participants, to take up options to subscribe for Shares: (i) non-managerial employee(s) of any Group company, or (ii) former non-managerial employee(s) of any Group company who hold unexercised and valid options previously granted by any Group company.

(b) Maximum number of Shares

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Non-managerial Employee Pre-IPO SOS at any time shall not exceed 5,972,262 Shares, representing approximately 3.8% of the issued Shares of the Company as at the date of this annual report.

(c) Vesting period

Any option granted to the participant(s) shall be subject to the vesting period stated herein below. For each of the participant(s), provided that he/she remains in employment with any Group company: (i) one-third (1/3) of the options granted to him/her shall be vested on the day immediately following the expiry of a period of 6 months after the Listing Date; (ii) another one-third (1/3) of the options so granted shall be vested on the day immediately following the expiry of a period of 12 months after the Listing Date; and (iii) another one-third (1/3) of the options so granted shall be vested on the day immediately following the expiry of a period of 18 months after the Listing Date. Our Board reserves the right to vary or accelerate the vesting of the options in such circumstances as it, in its absolute discretion, deems appropriate and any such variation or acceleration shall be effective only when set forth in a written instrument executed with the authority of our Board.

(d) Exercise of option

An option may be exercised by the grantee (or, as the case may be, by his legal personal representative(s)) giving notice in writing to our Company copying the relevant committee and the relevant trustee in the form set out in the Non-managerial Employee Pre-IPO SOS or in such other form as may be approved by our Board from time to time.

As at 31 December 2024, 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. Therefore, as at 31 December 2024, the total number of Shares available for issue under the Pre-IPO Share Option Schemes are 17,674,100 Shares, representing approximately 11.3% of the total issued Shares as at the date of this annual report.

No option had been exercised, lapsed, forfeited or cancelled under the Pre-IPO Share Option Schemes for the year ended 31 December 2024.

No further options shall be granted under the Pre-IPO Share Option Schemes after the Listing Date, but in respect of all options which have been granted prior thereto, the provisions of the Pre-IPO Share Option Schemes shall remain in full force and effect. Therefore, no option was granted under the Pre-IPO Share Option Schemes for the year ended 31 December 2024.

Details of movements in the share options granted under the Pre-IPO Share Option Schemes during the year ended 31 December 2024 are as follows:

		Number of share options						
Category and name of grantee	Date of grant of share options	Outstanding as at 1 January 2024	Granted during the year ended 31 December 2024	Exercised during the year ended 31 December 2024	Lapsed during the year ended 31 December 2024	Outstanding as at 31 December 2024	Vesting period of share options	Exercise price of share options
Executive Directors								
Mr. Zhang Feng	31 January 2013 and 20 February 2013	455,800	–	–	–	455,800 *(Note 2)*	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 *(Note 2)*	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
In aggregate		1,384,600	–	–	–	1,384,600		
Other management members and employees of our Group								
In aggregate	31 January 2013 – 31 July 2019	13,694,600	–	–	–	13,694,600 *(Note 2)*	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
Other participants *(Note 1)*								
In aggregate	31 January 2013 – 5 November 2018	2,594,900	–	–	–	2,594,900 *(Note 2)*	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
Total		17,674,100	–	–	–	17,674,100		

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.

Further details of the Pre-IPO Share Option Schemes are set out on pages IV-29 to IV-48 of the Prospectus.

2. 2019 Share Option Scheme

The Company conditionally adopted the 2019 Share Option Scheme on 26 November 2019. Pursuant to an ordinary resolution passed by the Shareholders at the extraordinary general meeting of the Company held on 9 December 2024 (the "**2024 EGM**"), the 2019 Share Option Scheme was terminated on 9 December 2024.

(a) Purpose

The purpose of the 2019 Share Option Scheme is to enable our Group to (1) recognise and acknowledge the contributions that eligible participants have (or may have) made or may make to our Group (whether directly or indirectly); (2) attract, retain and appropriately remunerate the best possible quality of employees and other eligible participants; (3) motivate the eligible participants to optimise their performance and efficiency for the benefit of our Group; (4) enhance its business, employee and other relations; and/or (5) retain maximum flexibility as to the range and nature of rewards and incentives which our Group can offer to eligible participants.

(b) Eligible participants

Eligible participants mean (1) any employee or officer employed by any member of our Group or an affiliate (whether full time or part time) and any of his/her close associates; (2) any director or proposed director of any member of our Group or any company which is an affiliate and their respective close associates; and (3) any consultant, professional, customer, supplier, agent, franchisee, partner, advisor or contractor of any member of our Group or any of the affiliates and their respective close associates, who the Board in its absolute discretion determines to be qualified to be (or, where applicable, to continue to be qualified to be) an eligible participant.

(c) Total number of Shares available for issue under the 2019 Share Option Scheme

The maximum number of Shares which may be issued upon exercise of all options to be granted under the 2019 Share Option Scheme and other schemes shall not, in aggregate, exceed 15,053,947, being 10% of the total number of issued Shares as at the Listing Date ("**2019 Scheme Mandate Limit**") and representing approximately 9.6% of the total issued shares of the Company as at the date of this annual report. Options lapsed in accordance with the terms of the 2019 Share Option Scheme will not be counted for the purpose of calculating the 2019 Scheme Mandate Limit.

The 2019 Scheme Mandate Limit may be refreshed if so approved by the Shareholders at general meeting from time to time provided always that the 2019 Scheme Mandate Limit so refreshed must not exceed 10% of the Shares in issue as at the date of approval of such renewal by our Shareholders at general meeting. The maximum number of Shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the 2019 Share Option Scheme and other schemes shall not, in aggregate, exceed 30% of the total number of Shares in issue from time to time.

As at 31 December 2024, the total number of Shares available for issue under the 2019 Share Option Scheme was 12,514,200, being the total number of 12,514,200 Shares to be issued upon exercise of 12,514,200 share options granted but not yet exercised under the 2019 Share Option Scheme. The total number of Shares available for issue under the 2019 Share Option Scheme as at 31 December 2024 represented approximately 8.0% of the total issued Shares as at the date of this annual report.

(d) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options already granted or to be granted to any grantee (including exercised, cancelled and outstanding options) under the 2019 Share Option Scheme, in any 12-month period up to and including the date of such grant shall not exceed 1% of the Shares in issue.

(e) Period within which the option may be exercised

An option may be exercised in accordance with the terms of the 2019 Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the commencement date subject to the provisions of early termination thereof.

(f) Vesting period and performance targets

The Board may in its absolute discretion set a minimum period for which an option must be held and performance targets that must be achieved before an option can be exercised.

(g) Time of acceptance and the amount payable on acceptance of the option

An offer shall be deemed to have been accepted when the Company receives a duplicate offer letter duly signed from the grantee together with a remittance of RMB1.00 (or such other nominal sum in any currency as the Board may determine) in favour of the Company as consideration for the grant thereof within the time period stipulated in the relevant grant letter.

(h) Basis of determining the exercise price

The exercise price in respect of any particular option shall be a price determined by the Board and stated in the offer letter, and shall not be less than the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the offer; and (iii) the nominal value of a Share prevailing on the date of the offer.

(i) Life of the 2019 Share Option Scheme

The 2019 Share Option Scheme became unconditional on the Listing Date and shall be valid and effective for a period of ten years commencing therefrom, subject to the early termination provisions contained in the 2019 Share Option Scheme. The 2019 Share Option Scheme was terminated on 9 December 2024.

As the 2019 Share Option Scheme has been terminated, no further share options may be granted but in all other respects the terms of the 2019 Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto. All outstanding share options granted prior to such termination and not then exercised shall continue to be in full force and effect in accordance with the 2019 Share Option Scheme.

As at 31 December 2024, options to subscribe for an aggregate of 12,514,200 Shares (representing approximately 8.0% of the total issued Shares of the Company) under the 2019 Share Option Scheme remained outstanding. 3,750,000 options had been granted, 3,865,400 options had lapsed in accordance with the terms of the 2019 Share Option Scheme while no option had been exercised nor cancelled under the 2019 Share Option Scheme during the year ended 31 December 2024.

Please refer to Note 16 to the audited consolidated financial statements for the year ended 31 December 2024 contained in this annual report for fair value of the share options granted under the 2019 Share Option Scheme during the year ended 31 December 2024, 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.

The number of options available for grant under the 2019 Share Option Scheme as at 1 January 2024 and 31 December 2024 was 2,424,347 and nil, respectively.

Details of movements in the share options granted under the 2019 Share Option Scheme during the year ended 31 December 2024 are as follows:

Category and name of grantee	Date of grant of share options	Outstanding as at 1 January 2024	Number of share options Granted during the year ended 31 December 2024	Exercised during the year ended 31 December 2024	Lapsed during the year ended 31 December 2024	Outstanding as at 31 December 2024	Vesting period of share options	Exercise price of share options
Executive Directors								
Mr. Zhang Feng	2 May 2023	300,000	–	–	(120,000)	180,000	For Options granted on 2 May 2023, (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 *(Note 1)*	HK$4.28
	28 March 2024	–	200,000	–	–	200,000	For Options granted on 28 March 2024, (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) remaining 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. *(Note 2)*	HK$3.79
Ms. Zhang Jianmei	2 May 2023	300,000	–	–	(60,000)	240,000	For Options granted on 2 May 2023, (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 *(Note 1)*	HK$4.28
	28 March 2024	–	250,000	–	–	250,000	For Options granted on 28 March 2024, (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) remaining 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. *(Note 2)*	HK$3.79

Category and name of grantee	Date of grant of share options	Outstanding as at 1 January 2024	Number of share options Granted during the year ended 31 December 2024	Exercised during the year ended 31 December 2024	Lapsed during the year ended 31 December 2024	Outstanding as at 31 December 2024	Vesting period of share options	Exercise price of share options
Independent non-executive Directors								
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 Option 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 Option 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 Option 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 Option 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 Option 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 Option 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

Category and name of grantee	Date of grant of share options	Number of share options Outstanding as at 1 January 2024	Granted during the year ended 31 December 2024	Exercised during the year ended 31 December 2024	Lapsed during the year ended 31 December 2024	Outstanding as at 31 December 2024	Vesting period of share options	Exercise price of share options
Other management members and employees of our Group								
In aggregate	22 January 2021	340,200	–	–	–	340,200	(i) one-third (1/3) of the Option 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 Option 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 Option shall be vested on the day immediately following the expiry of a period of 40 months after the Date of Grant *(Note 3)*	HK$27.3
	16 July 2021	1,422,900	–	–	(47,000)	1,375,900	(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	4,188,500	–	–	(599,000)	3,589,500	(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 *(Note 4)*	HK$5.99
	2 May 2023	5,838,000	–	–	(2,199,400)	3,638,600	(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 *(Note 1)*	HK$4.28
	28 March 2024	–	3,300,000	–	(840,000)	2,460,000	(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) remaining 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 *(Note 2)*	HK$3.79
Total		12,629,600	3,750,000	–	(3,865,400)	12,514,200		

Note 1:

The vesting of the options is conditional upon the achievement of targeted level of certain key performance indicators, including net profit and service fee premium for the year ended 31 December 2023 set for each specific team of different departments. In the event that the performance targets are not achieved, the options shall vest in proportion to the actual performance as resolved by the Board and the unvested portion of the options shall lapse.

Note 2:

The vesting of the options is conditional upon the fulfilment of key performance indicators for the year ended 31 December 2024 determined based on the positions and departments of the respective grantees, including indicators relating to management performance and financial targets comprising service premium and net profit generated from the specific department of the grantees. In the event that the respective key performance indicators are not achieved, the options will not be vested and shall lapse.

Note 3:

The entitlement of the options by the employees of the Group is conditional upon the fulfilment of the performance targets which comprises (a):

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 IT industry.

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

Note 4:

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 5:

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. For options granted on 2 May 2023, the exercise period was from 2 May 2023 to 1 May 2033. For options granted on 28 March 2024, the exercise period was from 28 March 2024 to 27 March 2034.

Note 6:

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. For options granted on 2 May 2023, the closing price of the Shares immediately before the date on which the options were granted, being 28 April 2023, was HK$3.83. For options granted on 28 March 2024, the closing price of the Shares immediately before the date on which the options were granted, being 27 March 2024, was HK$3.80.

Further details of the 2019 Share Option Scheme are set out on pages IV-48 to IV-58 of the Prospectus.

3. 2024 Share Option Scheme

Pursuant to an ordinary resolution passed by the Shareholders at the 2024 EGM, the Company adopted the 2024 Share Option Scheme. Please refer to the circular of the Company dated 19 November 2024 for more details. The following is a summary of the principal terms of the 2024 Share Option Scheme:

(a) Purpose

The purpose of the 2024 Share Option Scheme is to enable our Group to (1) recognise and acknowledge the contributions that eligible participants have made or may make to the Group (whether directly or indirectly), remunerate the best possible quality of the eligible participants, and attract, retain and motivate the eligible participants to continue to contribute to the growth and development of the Group; (2) provide eligible participants with direct economic benefits in order to maintain a long term relationship between the Group and the eligible participants; and (3) to align the interest of the eligible participants with those of the Shareholders to promote the long-term performance (whether in financial, business and operational aspects) of the Group.

(b) Eligible participants

Eligible participants include (1) employee participant(s), namely a director (including executive, non-executive and independent non-executive director) or an employee (whether full time or part time) of any member of the Group (including persons who are granted options under the 2024 Share Option Scheme as an inducement to enter into employment contracts with such companies); (2) related entity participant(s), namely the director(s) and employee(s) (whether full-time or part-time) of the holding companies, fellow subsidiaries or associated companies of the Company; and (3) service provider(s) ("**Service Providers**"), namely person(s) (including corporate entities) who provide services to any member of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, as further identified by the Board where the continuity and frequency of their services are akin to those of employees of the Group, and provided that any placing agent or financial adviser providing advisory services for fundraising, mergers or acquisitions, and other professional services provider such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity are excluded from such category.

In addition, in determining the basis of eligibility of each participant, the Board shall take into account a number of factors as set out in the terms of the 2024 Share Option Scheme.

(c) Total number of Shares available for issue under the 2024 Share Option Scheme

Subject to the terms of the 2024 Share Option Scheme, the maximum number of new Shares which may be allotted and issued upon exercise of all options to be granted under the 2024 Share Option Scheme and all options and awards to be granted under the other schemes adopted by the Company involving the issue or grant of options or awards or similar rights over new Shares by the Company (the "**Other Schemes**") shall not, in aggregate, exceed 10% of the Shares in issue (excluding any treasury shares) as at the date of adoption of the 2024 Share Option Scheme (the "**Scheme Mandate Limit**") or the date of approval of the refreshed scheme mandate limit, whichever is the latest. Options or awards lapsed in accordance with the terms of the 2024 Share Option Scheme or the Other Schemes will not be counted for the purpose of calculating the Scheme Mandate Limit.

Subject to the terms of the 2024 Share Option Scheme, within the Scheme Mandate Limit, the maximum number of new Shares which may be allotted and issued in respect of all options that may be granted under the 2024 Share Option Scheme and all share options and share awards which may be granted under the Other Schemes to the Service Providers shall not, in aggregate, exceed 1% of the Shares in issue (excluding any treasury shares) as at the date of adoption of the 2024 Share Option Scheme (the "**Service Provider Sublimit**") or the date of approval of the refreshed service provider sublimit, whichever is the latest. Share options or share awards lapsed in accordance with the terms of the 2024 Share Option Scheme or the Other Schemes will not be counted for the purpose of calculating the Service Provider Sublimit.

As at 31 December 2024, the total number of Shares available for issue under the 2024 Share Option Scheme and the Other Schemes was 15,669,987 Shares, representing the total number of Shares to be issued upon exercise of the 15,669,987 share options and/or share awards which may be granted under the 2024 Share Option Scheme and the Other Schemes. The total number of Shares available for issue under the 2024 Share Option Scheme and the Other Schemes as at 31 December 2024 represented approximately 10% of the total issued Shares (excluding any treasury shares) as at the date of this annual report.

(d) Maximum entitlement of each participant

No option may be granted to any eligible participant which, if exercised in full, would result in the total number of new Shares issued and to be issued upon exercise of the options already granted or to be granted under the 2024 Share Option Scheme and all options and awards granted under any Other Schemes to such eligible participant (excluding any options or awards lapsed in accordance with the terms of the 2024 Share Option Scheme or any Other Schemes) in any 12-month period up to and including the date of such grant exceeding 1% in aggregate of the Shares in issue (excluding any treasury shares) as at the date of such grant, unless shareholders' approval has been obtained in accordance with the terms of the 2024 Share Option Scheme and the Listing Rules.

(e) Period within which the option may be exercised

An option may be exercised in accordance with the terms of the 2024 Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant of option subject to the provisions of early termination under the terms of the 2024 Share Option Scheme.

(f) Vesting period

An option must be held for at least 12 months from the grant date before such option can be exercised, except that at the Board's sole and absolute discretion, a shorter vesting period may be granted to an employee participant in the following circumstances:

(i) grants of "make-whole" share options to new joiners to replace the share awards or share options they forfeited when leaving their previous employers;

(ii) grants to an employee participant whose employment is terminated due to death or disability or event of force majeure;

(iii) grants with performance-based vesting conditions provided in the 2024 Share Option Scheme or as specified in the offer letter in lieu of time-based vesting criteria;

(iv) grants of options that are made in batches during a year due to administrative or compliance requirements which may be subject to any changes made to the applicable laws, regulations and rules in the jurisdictions which the employee participants and the Group are subject to and not connected with the performance of the relevant employee participant, which include options that should have been granted earlier if not for such administrative or compliance requirements but had to wait for subsequent batch, in which case the vesting period may be shortened to reflect the time from which the options would have been granted if not for such administrative or compliance requirements, which allows flexibility for the Company to reward employee participants in case of delays due to administrative or compliance requirements;

(v) grants with a mixed or accelerated vesting schedule such as where the options may vest evenly over a period of 12 months, or where the options may vest by several batches with the first batch to vest within 12 months of the grant date and the last batch to vest 12 months after the grant date; or

(vi) grants with a total vesting and holding period of more than 12 months.

(g) Time of acceptance and the amount payable on acceptance of the option

An offer shall be deemed to have been accepted when the Company receives a duplicate offer letter duly signed from the grantee together with a remittance of HK$1.00 or RMB1.00 (or such other nominal sum in any currency as the Board may determine) in favour of the Company as consideration for the grant thereof within 28 days after the date of the offer letter or such other period as the Board determines, or in the manner set out in the offer letter.

(h) Basis of determining the exercise price

The exercise price in respect of any particular option shall be a price determined by the Board and stated in the offer letter, and shall not be less than the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the offer; and (iii) the nominal value of a Share prevailing on the date of the offer, provided that the exercise price may be subject to adjustment in accordance with the terms of the 2024 Share Option Scheme.

(i) Life of the 2024 Share Option Scheme

The 2024 Share Option Scheme was adopted on 9 December 2024 and shall be valid and effective for a period of ten years commencing therefrom, subject to the early termination provisions contained in the terms of the 2024 Share Option Scheme. As at 31 December 2024, the remaining life of the 2024 Share Option Scheme was approximately 9 years and 11 months.

As at the date of this annual report, no option has been granted under the 2024 Share Option Scheme. The number of options available for grant under the Scheme Mandate Limit as at 1 January 2024 and 31 December 2024 was nil and 15,669,987, respectively. The number of options available for grant under the Service Provider Sublimit as at 1 January 2024 and 31 December 2024 was nil and 1,566,998, respectively.

SHARE AWARD SCHEMES

1. 2019 Share Award Scheme

The Company conditionally adopted the 2019 Share Award Scheme on 26 November 2019, which was further amended on 26 June 2020. Pursuant to an ordinary resolution passed by the Shareholders at the 2024 EGM, the 2019 Share Award Scheme was terminated on 9 December 2024.

(a) Purpose of the 2019 Share Award Scheme

The 2019 Share Award Scheme is established to enable our Group to (1) recognise and acknowledge the contributions that the directors, senior management and employees of our Group or any advisors or consultants who satisfy the eligibility requirements as determined by our Board have (or may have) made or may make to our Group (whether directly or indirectly); (2) attract and retain and appropriately remunerate the best possible quality of employees and other eligible persons; (3) motivate the eligible persons to optimise their performance and efficiency for the benefit of our Group; (4) enhance its business, employee and other relations; and/or (5) retain maximum flexibility as to the range and nature of rewards and incentives which our Group can offer to eligible persons.

(b) Participants of the 2019 Share Award Scheme and Basis for Determining the Eligibility of the Selected Participants

Our Board may, from time to time, at its absolute discretion, select any eligible persons to participate in the 2019 Share Award Scheme, subject to the terms and conditions set out in the 2019 Share Award Scheme. In determining the selected participants, our Board shall take into consideration matters including, but without limitation, the present and expected contribution of the relevant selected participants to our Group.

(c) Scheme Limit

Our Company shall not make any grant of award which will result in the number of Shares allotted and issued to or acquired by the trustee amounting or exceeding 10% of the total number of issued Shares immediately after completion of the global offering (assuming (i) no exercise of the over-allotment option, (ii) no exercise of the options which have been or may be granted under the share option schemes and (iii) no Shares are issued pursuant to the grant of the award under the 2019 Share Award Scheme), being 15,053,947 Shares, representing approximately 9.6% of the total issued shares of the Company as at the date of this annual report. The Shares underlying the award newly allotted and issued by the Company under specific mandate from the Shareholders pursuant to the 2019 Share Award Scheme shall be subject to an annual limit of 2% of the total number of issued Shares immediately after completion of the global offering (assuming (i) no exercise of the over-allotment option, (ii) no exercise of the options which have been or may be granted under the share option schemes and (iii) no Shares are issued pursuant to the grant of the award under the 2019 Share Award Scheme), or such other limit as may be required from the Stock Exchange from time to time. The maximum number of award which may be granted to a grantee but unvested under the 2019 Share Award Scheme shall not exceed 1% of the total number of issued Shares from time to time.

As at 31 December 2024, no Share was available for issue under the 2019 Share Award Scheme.

(d) Awards

The award Shares may be satisfied with newly allotted and issued Shares or existing Shares acquired by the Trustee, in accordance with the terms of the 2019 Share Award Scheme. An award granted by our Board to the grantee may be settled by allotting and issuing award Shares to the grantee or his/her wholly owned entity upon payment of a consideration (only if the grantee is a connected person) or the payment of the actual selling price at which the award Shares are sold, netting of the benchmarked share price and related charges, in cash (only if the relevant grantee is not a connected person), upon vesting of such award. Each award may be subject to such other vesting conditions as may be imposed by our Board at its absolute discretion, including without limitation, a vesting period.

(e) Basis of the determining the consideration/benchmarked share price

The consideration or the benchmarked share price in respect of any particular grant of Award shall be determined by the Board in its discretion with reference to the prevailing market price of the Shares.

(f) Grant and Acceptance of the Awards

Our Company shall issue a letter to each selected participant in such form as our Board may from time to time determine, specifying the date of grant, the number of award Shares underlying the award, the vesting dates (if any) and such other criteria and vesting conditions and further details as our Board may consider necessary. An award shall be deemed to have been accepted when the Company receives a duplicate offer letter duly signed from the grantee together with a remittance of RMB1.00 in favour of the Company as consideration for the grant thereof within 7 days of the grant or the time period otherwise stipulated in the relevant grant letter.

(g) Duration of the 2019 Share Award Scheme

Subject to any early termination as may be determined by our Board pursuant to the rules of the 2019 Share Award Scheme, the 2019 Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date, after which period no further award will be granted but the provisions of the 2019 Share Award Scheme shall remain in full force and effect to the extent necessary to give effect to the vesting of any award granted prior to the expiration of the 2019 Share Award Scheme, or otherwise to the extent as may be required in accordance with the provisions of the 2019 Share Award Scheme.

On 26 June 2020, the Group made certain amendments to the 2019 Share Award Scheme, in relation to, among others: (i) the settlement and/or payment of award; (ii) the cessation as an eligible person by reason of cessation of employment and other events; and (iii) the scheme limit, primarily for the purpose of adopting the changes consequential on the entering into of the trust deed entered into between the Company and Trustee, for the administration of the 2019 Share Award Scheme. In addition, on 26 June 2020, the Company entered into the trust deed and appointed Trident Trust Company (HK) Limited as the trustee for the administration of the 2019 Share Award Scheme pursuant to the rules of the 2019 Share Award Scheme. For further details, please refer to the announcement of the Company dated 26 June 2020.

As the 2019 Share Award Scheme has been terminated on 9 December 2024, no further share award may be granted but in all other respects the terms of the 2019 Share Award Scheme shall remain in full force and effect to the extent necessary to give effect to the vesting of any share awards granted thereunder. All outstanding share award granted and subsisting prior to such termination shall continue to be in full force and effect in accordance with the 2019 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 2019 Share Award Scheme. Those award Shares will be settled in the form of payment of the actual selling price, netting of the benchmarked share 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. For the year ended 31 December 2024, no award Shares were granted or cancelled, and 21,000 award Shares lapsed in accordance with the terms of the 2019 Share Award Scheme.

Details of movements in the share awards granted under the 2019 Share Award Scheme involving the existing Shares for the year ended 31 December 2024 are as follows:

Category of grantee	Date of grant	Number of share awards Unvested as at 1 January 2024	Granted during the year ended 31 December 2024	Vested during the year ended 31 December 2024	Cancelled during the year ended 31 December 2024	Lapsed during the year ended 31 December 2024	Unvested as at 31 December 2024	Vesting period	Benchmarked share price per award share
Five highest paid individuals In aggregate	22 January 2021	67,400	–	(67,400) *(Note 2)*	–	–	–	(i) one-third (1/3) of the total number of the award Shares shall be vested on the date immediately following the expiry of a period of 12 months after the date of grant; (ii) another one-third (1/3) of the total number of the award Shares shall be vested on the date immediately following the expiry of a period of 24 months after the date of grant; and (iii) another one-third (1/3) of the total number of the award Shares shall be vested on the date immediately following the expiry of a period of 36 months after the date of grant *(Note 1)*	HK$25
Other employees of the Group In aggregate	22 January 2021	393,600	–	(372,600) *(Note 2)*	–	(21,000)	–		
Total		461,000	–	(440,000) *(Note 2)*	–	(21,000)	–		

Note 1: The award shall be vested subject to the relevant awardee remaining as an eligible person under the 2019 Share Award Scheme on or before the vesting dates, with no performance target attached thereto.

Note 2: The closing price of the Shares immediately before the date on which the award Shares were vested, being 19 January 2024, was HK$5.2. Pursuant to the rules of the 2019 Share Awards, upon vesting of the Awards, the Board shall direct and procure the trustee to sell the award Shares and pay the grantee the proceeds arising from such sale after netting off the benchmarked share price and related charges; provided that the Board shall not direct the trustee to sell the relevant award Shares whereby the prevailing market price of the Shares is lower than the benchmarked share price. In light of the prevailing market price being lower than the benchmarked share price for the year ended 31 December 2024, no award Share was directed to be sold.

The number of award Shares available for grant under the Post-IPO Share Award Scheme as at 1 January 2024 and 31 December 2024 was 13,362,947 and nil, respectively.

Further details of the 2019 Share Award Scheme are set out on pages IV-58 to IV-65 of the Prospectus and the Company's announcement dated 26 June 2020.

2. 2024 Share Award Scheme

Pursuant to an ordinary resolution passed by the Shareholders at the 2024 EGM, the Company adopted the 2024 Share Award Scheme. Please refer to the circular of the Company dated 19 November 2024 for more details. The following is a summary of the principal terms of the 2024 Share Award Scheme:

(a) Purpose

The purpose of the 2024 Share Award Scheme is to enable our Group to (1) recognise and acknowledge the contributions that eligible participants have made or may make to the Group (whether directly or indirectly), remunerate the best possible quality of the eligible participants, and attract, retain and motivate the eligible participants to continue to contribute to the growth and development of the Group; and (2) provide eligible participants with direct economic benefits in order to maintain a long term relationship between the Group and the eligible participants.

(b) Eligible participants

Eligible participants include employee participant(s), namely a director (including executive, non-executive and independent non-executive director) or an employee (whether full time or part time) of any member of the Group (including persons who are granted awards under the 2024 Share Award Scheme as an inducement to enter into employment contracts with such companies).

In addition, in determining the basis of eligibility of each participant, the Board shall take into account a number of factors as set out in the terms of the 2024 Share Award Scheme.

(c) Total number of Shares available for issue under the 2024 Share Award Scheme

Subject to the terms of the 2024 Share Award Scheme, the maximum number of new Shares which may be allotted and issued in respect of all awards under the 2024 Share Award Scheme and all options and awards to be granted under the Other Schemes shall not, in aggregate, exceed 10% of the Shares in issue (excluding any treasury shares) as at the date of adoption of the 2024 Share Award Scheme (i.e. the Scheme Mandate Limit) or the date of approval of the refreshed scheme mandate limit, whichever is the latest. Awards or options lapsed in accordance with the terms of the 2024 Share Award Scheme or the Other Schemes will not be counted for the purpose of calculating the Scheme Mandate Limit.

As at 31 December 2024, the total number of Shares available for issue under the 2024 Share Award Scheme and the Other Schemes was 15,669,987 Shares, representing the total number of Shares to be issued in respect of the 15,669,987 share awards and/or share options which may be granted under the 2024 Share Award Scheme and the Other Schemes. The total number of Shares available for issue under the 2024 Share Award Scheme and the Other Schemes as at 31 December 2024 represented approximately 10% of the total issued Shares (excluding any treasury shares) as at the date of this annual report.

(d) Award

The Shares underlying the award may be satisfied with newly allotted and issued Shares or existing Shares acquired by the Trustee, in accordance with the terms of the 2024 Share Award Scheme subject to the Listing Rules.

(e) Maximum entitlement of each participant

No award of new Shares may be granted to any eligible participant which would result in the total number of Shares issued and to be issued in respect of all awards and options granted under the 2024 Share Award Scheme and any Other Schemes to such eligible participant (excluding any awards or options lapsed in accordance with the terms of the 2024 Share Award Scheme or any Other Schemes) in any 12-month period up to and including the date of such grant exceeding 1% in aggregate of the Shares in issue (excluding any treasury shares) as at the date of such grant, unless shareholders' approval has been obtained in accordance with the terms of the 2024 Share Award Scheme and the Listing Rules.

(f) Vesting period

The vesting period in respect of an award for new Shares held by the eligible participant must be at least 12 months, except that at the Board's sole and absolute discretion, a shorter vesting period may be granted to an employee participant in the following circumstances:

(i) grants of "make-whole" share awards to new joiners to replace the share awards or share options they forfeited when leaving their previous employers;

(ii) grants to an employee participant whose employment is terminated due to death or disability or event of force majeure;

(iii) grants with performance-based vesting conditions provided in the 2024 Share Award Scheme or as specified in the award letter in lieu of time-based vesting criteria;

(iv) grants of awards that are made in batches during a year due to administrative or compliance requirements which may be subject to any changes made to the applicable laws, regulations and rules in the jurisdictions which the employee participants and the Group are subject to and not connected with the performance of the relevant employee participants, which include awards that should have been granted earlier if not for such administrative or compliance requirements but had to wait for subsequent batch, in which case the vesting period may be shortened to reflect the time from which the awards would have been granted if not for such administrative or compliance requirements, which allows flexibility for the Company to reward employee participants in case of delays due to administrative or compliance requirements;

(v) grants with a mixed or accelerated vesting schedule such as where the awards may vest evenly over a period of 12 months, or where the awards may vest by several batches with the first batch to vest within 12 months of the grant date and the last batch to vest 12 months after the grant date; or

(vi) grants with a total vesting and holding period of more than 12 months.

(g) Time of acceptance and the amount payable on acceptance of the award

An award is accepted by the selected participants when the Company receives from the relevant selected participant (i) a duly completed and executed duplicate of the award letter; or (ii) an agreement in such electronic form as may be prescribed by the Company from time to time, and a remittance of the grant price or, if there is no grant price, a sum of HK$1.00 or RMB1.00 (or such other nominal sum in any currency as the Board may determine) as consideration for the grant of the award within the time period stipulated in the award letter and in the absence of such provisions, within twenty-eight (28) days after the grant date.

(h) Basis of determining the grant price

the grant price of the share award (if any) shall be determined by the Board from time to time based on considerations such as the purpose of the awards and the characteristics and profile of the selected participant. Such grant price shall be paid to the Company within the time period stipulated in the award letter.

(i) Life of the 2024 Share Award Scheme

The 2024 Share Award Scheme was adopted on 9 December 2024 and shall be valid and effective for a period of ten years commencing therefrom, subject to the early termination provisions contained in the terms of the 2024 Share Award Scheme. As at 31 December 2024, the remaining life of the 2024 Share Award Scheme was approximately 9 years and 11 months.

No award has been granted under the 2024 Share Award Scheme during the year ended 31 December 2024. The number of awards available for grant under the Scheme Mandate Limit as at 1 January 2024 and 31 December 2024 was nil and 15,669,987, respectively.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company for the year ended 31 December 2024 (being 3,750,000) divided by the weighted average number of the Shares (excluding Shares held for share-based payment scheme) for the year ended 31 December 2024 was approximately 2.5%.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, no equity-linked agreement was entered into by the Company at any time during or subsisted at the end of the year ended 31 December 2024.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, purchases from the Group's five largest suppliers and purchases from the largest supplier accounted for 2.9% (2023: 4.2%) and 1.1% (2023: 1.6%) of the Group's total cost of revenue, respectively.

For the year ended 31 December 2024, the Group's sales to its five largest customers accounted for 35.0% (2023: 35.7%) of the Group's total sales and sales to the largest customer accounted for 11.3% (2023: 10.8%).

During the year ended 31 December 2024, none of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued Shares of the Company) had any interest in the Company's five largest customers or suppliers.

CHARITABLE DONATIONS

No charitable donation was made by the Group for the year ended 31 December 2024.

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 Shares during the year ended 31 December 2024. As at 31 December 2024, the Company did not hold any treasury shares.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

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 (equivalent to approximately RMB889.0 million), including the additional net proceeds of approximately HK$70.2 million (equivalent to approximately RMB62.8 million) received from the issue and allotment of Shares upon completion of the partial exercise of the over-allotment option.

As detailed in the announcements of the Company dated 8 March 2022 and 28 March 2023 respectively, in order to better utilise the financial resources of the Group, the Board has reviewed and revised the utilization plan of the Net Proceeds. The Company has utilised the Net Proceeds in accordance with the revised utilization plan and for the year ended 31 December 2023, the Company had utilised Net Proceeds of HK$176.9 million. As at 31 December 2023, the Company had unutilised Net Proceeds of HK$73.9 million. Details of the breakdown of the Net Proceeds utilised up to 31 December 2023 and the intended use of the unutilised Net Proceeds after the 2nd re-allocation on 28 March 2023 are set out below:

	Intended use of Net Proceeds	Original allocation of Net Proceeds (HK$ million)	Balance of the Net Proceeds unutilised as at 31 December 2023 after 2nd re-allocation (HK$ million)	Amount of Net Proceeds utilised during the year ended 31 December 2024 (HK$ million)	Balance of Net Proceeds unutilised as at 31 December 2024 (HK$ million)	Intended timetable for the use of the unutilised Net Proceeds
(i)	Expand our geographic coverage to better support our clients and new opportunities	198.4	0	0	0	By 31 December 2023
(ii)	Expand our industry coverage, mainly through acquisition and also through organic growth in the next three years, to capture demand for flexible staffing services we have observed in certain underserved and expanding industries, and specifically, to target our services to more financial institution, information technology industry and new retail clientele	168.7	25.3	14.3	11.0	By 31 December 2026 *(Note 1)*
(iii)	Expand our 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	0	0	0	By 31 December 2023
(iv)	Further enhance our integrated HR ecosystem and build up our capabilities in artificial intelligence and data mining technology	218.3	22.0	22.0	0	By 31 December 2024
(v)	Further promote our brand and launch marketing and promotion activities	99.2	6.3	4.5	1.8	By 31 December 2025 *(Note 2)*
(vi)	Support our global expansion strategy in the next four years	79.4	20.3	12.3	8.0	By 31 December 2026 *(Note 3)*
(vii)	Working capital and general corporate purposes	99.2	0	0	0	By 31 December 2023
	Total	**992.2**	**73.9**	**53.1**	**20.8**	

Notes:

1. As the Company is cautious in identifying suitable acquisition targets in light of the current market environment, the Group has not fully utilised the Net Proceeds allocated for expansion in certain industries by 31 December 2024 as originally scheduled. The Group expects to fully utilise the Net Proceeds allocated for this purpose by the end of 2026.

2. As majority of the marketing and brand promotion activities are carried out online instead of offline nowadays, resulting in a decrease in spending on marketing and promotion activities, the Group has not fully utilised the Net Proceeds allocated for marketing and promotion activities by 31 December 2024 as originally scheduled. The Group expects to fully utilise the Net Proceeds allocated for this purpose by the end of 2025.

3. As the Company is cautious in identifying suitable targets for expansion in light of the current market environment, the Group has not fully utilised the Net Proceeds allocated for global expansion by 31 December 2024 as originally scheduled. The Group expects to fully utilise the Net Proceeds allocated for this purpose by the end of 2026.

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 Net Proceeds as at the date of this annual report.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high corporate governance standards. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 79 to 95 in this annual report.

ANNUAL GENERAL MEETING

The forthcoming AGM of the Company will be held on 10 June 2025 (Tuesday). The notice of the AGM will be published and dispatched to the Shareholders in due course in the manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' eligibility to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from 5 June 2025 (Thursday) to 10 June 2025 (Tuesday), both days inclusive, during which no transfer of Shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all duly completed Share transfer forms accompanied by the relevant Share certificates, must be lodged with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 4 June 2025 (Wednesday).

AUDIT COMMITTEE

The Audit Committee, together with the management and the external auditor, had reviewed the accounting policies and practices adopted by the Group as well as the internal control matters, and had also reviewed the Company's consolidated financial statements for the year ended 31 December 2024.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2024 have been audited by PricewaterhouseCoopers.

PricewaterhouseCoopers shall retire and being eligible, offer itself for re-appointment, and a resolution to this effect shall be proposed at the AGM.

On behalf of the Board
Zhang Jianguo
Chairman of the Board

PRC, 31 March 2025

Corporate Governance Report

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 Shareholders and to enhance corporate value and accountability.

The Company has applied the principles as set out in the CG Code contained in Appendix C1 to the Listing Rules. The Board is of the view that during the year ended 31 December 2024, the Company has complied with all applicable code provisions set out in part 2 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.

The Company is committed to enhancing its corporate governance practices appropriate to the conduct and the growth of its business and to reviewing such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest development.

CULTURES AND VALUES

The Company's vision is to become a world-class influential human resources integrated services provider, committed to providing high-quality business solutions for our customers based on solving their business problems. We adhere to a legitimate, compliant and ethical operating principle while actively taking on social responsibility and promoting coordinated and sustainable development of the economy, society and environment.

In 2022, the Company published the "Corporate Culture Outline" (《企業文化大綱》), covering the governance concepts of the company's vision, duty, values and social responsibility, organization management, etc., guiding the Company to achieve its goals. We have also conducted a series of corporate culture promotion and learning activities to promote and maintain the preferable corporate culture established by the Board the senior management over the years.

BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interest of the Company.

The Board has delegated the authority and responsibilities for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established four Board committees including the Audit Committee, the Remuneration Committee, the Nomination Committee and the Investment and Compliance Committee. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference. All Board committees are provided with sufficient resources to perform their duties.

The Board regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board currently comprises seven Directors, consisting of three executive Directors, one non-executive Director and three independent non-executive Directors.

Executive Directors:

Mr. Zhang Jianguo
(Chairman of the Board and Chief Executive Officer)
Mr. Zhang Feng
Ms. Zhang Jianmei

Non-executive Director:

Mr. Chen Rui

Independent Non-executive Directors:

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

Corporate Governance Report

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The biographical information of the Directors is set out in the section headed "Biographies of Directors and Senior Management" in this annual report.

Save as disclosed in this annual report, to the best knowledge of the Company, there are no financial, business, family or other material relationships among the members of the Board.

Chairman and Chief Executive Officer

C.2.1 of the CG Code stipulates that the roles of chairman and chief executive 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 seven Directors, and the Board believes 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 they act 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 strategic 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. Key decisions made by Mr. Zhang Jianguo are effectively monitored and scrutinized by other Directors and members of management of the Group. Finally, as Mr. Zhang Jianguo is our principal founder, 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 for the Group. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

Independent Non-Executive Directors

The independent non-executive Directors play a significant role in the Board as they bring an impartial view on the Group's strategies, performance and control, as well as ensure that the interests of all shareholders are considered. During the year ended 31 December 2024, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise. Among the three independent non-executive Directors, both Ms. Chan Mei Bo Mabel and Mr. Leung Ming Shu possess appropriate professional qualifications or accounting or related financial management expertise. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any shares of the Company. None of the independent non-executive Directors has served more than nine years on the Board.

In order to ensure that independent views and input are made available to the Board, the Nomination Committee and the Board are committed to assess the Directors' independence annually with regards to all relevant factors including the following:

- required character, integrity, expertise, experience and stability to fulfill their roles;
- time commitment and attention to the Company's affairs;
- firm commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as independent non-executive Directors;
- no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and
- the Chairman meets with the independent non-executive Directors regularly without the presence of the executive Directors.

The Board reviews the implementation and effectiveness of the above mechanisms on an annual basis.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent and remain so as at the date of this annual report.

Appointment and Re-election of Directors

Each of the executive Directors has entered into a service contract with the Company under which they agreed to act as executive Directors for an initial term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either the executive Director or the Company.

Each of the non-executive Directors and the independent non-executive Directors has signed an appointment letter with the Company for a term of one year commencing from the Listing Date (in respect of non-executive Director) and 29 November 2019 (in respect of independent non-executive Directors), which may be terminated by not less than one month' notice in writing served by either the respective Director or the Company. Their term of office would be extended on a monthly basis unless separate arrangement in writing or termination is made by either party.

Each of the Directors is subject to the provisions of retirement and rotation of Directors under the Articles.

None of the Directors has a service contract with the Company which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

In accordance with article 16.19 of the Articles, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

In accordance with article 16.2 of the Articles, any Director appointed by the Board either to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company after the appointment and shall then be eligible for re-election at that meeting.

Corporate Governance Report

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibilities for leadership and control of the Company and be collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Director and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decisions on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Board has clearly set out the circumstances under which the management should report to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company. The Board regularly reviews the above said circumstances and ensures they remain appropriate.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal action taken against them arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director would receive a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company, full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2024, the Company organised training for all Directors covering a wide range of relevant topics, including Issues 10 & 11 of Listing Regulation and Enforcement Newsletter published by the Stock Exchange, 2024 Annual Investigation and Compliance Report published by the Accounting and Financial Reporting Council, the Environmental, Social and Governance Reporting Guide, disclosure of interests and regulatory updates or newsletter. In addition, relevant reading materials including compliance manual/legal and regulatory updates/online training videos/case sharing have been provided to the Directors for their reference and studying.

The training records of the Directors for the year ended 31 December 2024 are summarised as follows:

Name of Directors	Nature of continuous professional development programs
Executive Directors	
Mr. Zhang Jianguo	A, B
Mr. Zhang Feng	A, B
Ms. Zhang Jianmei	A, B
Non-executive Director	
Mr. Chen Rui	A, B
Independent Non-executive Directors	
Ms. Chan Mei Bo Mabel	A, B
Mr. Shen Hao	A, B
Mr. Leung Ming Shu	A, B

Notes:

A: Attending training sessions, including but not limited to, briefings, seminars, training videos, case sharing, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and publications

BOARD COMMITTEES

The Board has established four committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Investment and Compliance Committee, each of which has been delegated responsibilities and shall report to the Board. The roles and functions of these committees are set out in their respective terms of reference. The terms of reference of each of these committees will be revised from time to time to ensure that they continue to meet the needs of the Company and to ensure compliance with the latest CG Code. The terms of reference of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Investment and Compliance Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

Audit Committee

As at the date of this annual report, the Audit Committee comprised three members, including three independent non-executive Directors, namely Mr. Leung Ming Shu, Ms. Chan Mei Bo Mabel and Mr. Shen Hao. Mr. Leung Ming Shu is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The primary 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 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 Company.

During the year ended 31 December 2024, three Audit Committee meetings were held on 21 March 2024, 19 April 2024 and 16 August 2024. Works performed by the Audit Committee during the year ended 31 December 2024 include, to review the annual financial results and report for the year ended 31 December 2023, significant issues on the financial reporting, operational and compliance controls, to review the effectiveness of the risk management and internal control systems and internal audit function, to review the audit fee and consider the re-appointment of external auditor, engagement of non-audit services and relevant scope of works, to review connected transactions and arrangements for employees to raise concerns about possible improprieties, to review the Group's unaudited interim results for the six months ended 30 June 2024.

The Audit Committee had met with the external auditor without the presence of the executive Directors at the two meetings held on 21 March 2024 and 16 August 2024, respectively.

Remuneration Committee

The Remuneration Committee comprises three members, including two independent non-executive Directors, namely Ms. Chan Mei Bo Mabel and Mr. Shen Hao and one executive Director, namely Mr. Zhang Jianguo. Ms. Chan Mei Bo Mabel is the chairlady of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Remuneration Committee include making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, making recommendations to the Board on the Company's remuneration policy and structure for all Directors and senior management, and establishing a formal and transparent procedure for developing remuneration policy to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, and reviewing/considering matters relating to the share option scheme/share award scheme of the Company.

During the year ended 31 December 2024, three Remuneration Committee meetings were held on 1 February 2024, 28 March 2024 and 7 August 2024. Works performed by the Remuneration Committee during the year ended 31 December 2024 include to review and make recommendation to the Board on the remuneration policy and the structure of the Company and the remuneration packages of the Directors and senior management, to assess performance of executive Directors, to review and make recommendations to the Board on the terms of the proposed grant of share options in March 2024 and to review and consider the termination of the 2019 Share Option Scheme and the 2019 Share Award Scheme, and the adoption of the 2024 Share Option Scheme and the 2024 Share Award Scheme. For details of the matters relating to share schemes, please refer to the section headed "SHARE OPTION SCHEMES" and the section headed "SHARE AWARD SCHEMES" in this annual report.

Pursuant to code provision E.1.5 of the CG Code, the remuneration paid to the members of senior management (including each of the executive Directors, and excluding Mr. Li Wenjia who became a member of senior management on 13 December 2024) by bands for the year ended 31 December 2024 is set out below:

Remuneration bands	Number of Individuals
HK$1,000,001 to HK$2,000,000	4

Nomination Committee

The Nomination Committee comprises three members, including one executive Director, namely Mr. Zhang Jianguo and two independent non-executive Directors, namely Ms. Chan Mei Bo Mabel and Mr. Shen Hao. Mr Zhang Jianguo is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board annually and making recommendations on any proposed change to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become Board members and selecting or making recommendations to the board on the selection of individuals nominated for directorships, making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular, the Chairman and the chief executive, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's board diversity policy (the "**Board Diversity Policy**"). The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Company's director nomination policy (the "**Director Nomination Policy**") that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the year ended 31 December 2024, one Nomination Committee meeting was held on 27 March 2024. Works performed by the Nomination Committee during the year ended 31 December 2024 include to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, to consider the qualifications of the retiring Directors standing for re-election at the AGM and to consider the change of Directors and Composition of Board committees. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board was maintained.

Investment and Compliance Committee

As at the date of this annual report, the Investment and Compliance Committee comprised three members, including one non-executive Director, namely Mr. Chen Rui, one executive Director, namely Mr. Zhang Jianguo and one independent non-executive Director, namely Mr. Leung Ming Shu. Mr. Chen Rui is the chairman of the Investment and Compliance Committee.

The primary duties of the Investment and Compliance Committee are to review, evaluate investment projects for long-term development of the Company and make recommendations to the Board, to study and make recommendations to the Board on major investments and financing solutions, major capital investments and other significant investment matters which may have effect on the development of the Company, to supervise the implementation of the above-mentioned matters duly approved by the Board, to review the Company's financial controls, investing capital, financing strategy and treasury risk management from time to time, to discuss the Company's position in respect of investment risk, to make recommendations to the Board on compliance matters in relation to rules and regulations issued by the Stock Exchange, the SFO and the relevant rules and regulations and to make recommendations to the Board in relation to the policy of corporate governance of the Company.

During the year ended 31 December 2024, two Investment and Compliance Committee meetings were held on 27 June 2024 and 29 December 2024. Works performed by the Investment and Compliance Committee during the year ended 31 December 2024 include to review and make recommendations to the Board concerning the respective investment projects and proposals of the Company, its subsidiaries and consolidated affiliated entities.

BOARD DIVERSITY POLICY AND NOMINATION POLICY

The Board has adopted a Board Diversity Policy which sets out the basic principles to be followed to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance.

The Board has also adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at the Board level.

Board nomination and appointments will continue to be made on merit basis based on its business needs from time to time while taking into account diversity. The Nomination Committee has primary responsibility for identifying individuals qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships.

Selection of board candidates shall be based on amongst others, integrity and character, commitment in respect of available time and relevant interest, a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience.

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All Board appointments will be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board.

As at the date of this annual report, the Board (comprising five male Directors and two female Directors) is committed to maintaining an appropriate gender diversity for the Board members to provide the Board with a direct and diversified channel of the opinion from both genders. In addition, the Directors believe that the composition of the Board reflects the necessary balance of skills and experience appropriate for the requirements of the business development of the Group and effective leadership, taking into account the extensive experience, skills and knowledge of each Director and the balanced mix of three executive Directors, one non-executive Director and three independent non-executive Directors. The Directors are of the opinion that Board diversity (including gender diversity) has been achieved with reference to the current circumstances of the Company, and the present structure of the Board can ensure the independence and objectivity of the Board and provide a system of checks and balances to safeguard the interests of the Shareholders.

The Nomination Committee is responsible for reviewing the Board Diversity Policy and Director Nomination Policy, developing and reviewing measurable objectives for implementing such policies and monitoring the progress on achieving these measurable objectives at least annually and as appropriate to ensure continued effectiveness of the Board.

The Board reviews the implementation and effectiveness of the Board Diversity Policy and the Director Nomination Policy on an annual basis.

DIVERSITY ON SENIOR MANAGEMENT AND OTHER WORKFORCE

To achieve diversity at workforce level (including senior management), the Group has put in place appropriate recruitment and selection practices such that a diverse range of candidates are considered and ensure that gender diversity is taken into account when recruiting staff members of mid to senior level. The Group has also established talent management and training programs to provide career development guidance and promotion opportunities to develop a board and diverse pool of skilled and experienced employees.

During the year ended 31 December 2024, the Board was not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

As at 31 December 2024, the gender ratio in the workforce (i.e. internal employees including senior management) is 71.4% (female) : 28.6% (male). For further details of gender ratio and initiatives taken to improve gender diversity together with the relevant data, please refer to the section headed “STAFF CARE” under the Environmental, Social and Governance Report.

The Directors are of the opinion that gender diversity has been achieved on senior management and workforce level with reference to the current circumstances of the Company.

CORPORATE GOVERNANCE FUNCTIONS

The Audit Committee is delegated by the Board to perform the functions set out in the code provision A.2.1 of the CG Code.

The primary duties of the Audit Committee in performing corporate governance functions include developing and reviewing the Company’s policies and practices on corporate governance and making recommendations to the Board; reviewing and monitoring the training and continuous professional development of Directors and senior management; reviewing and monitoring the Company’s policies and practices on compliance with legal and regulatory requirements; developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and reviewing the Company’s compliance with the CG Code and disclosure in its corporate governance reports.

During the year ended 31 December 2024, the Audit Committee had reviewed the Company’s policies and practices on compliance with legal and regulatory requirements, training and continuous professional development of Directors and senior management, the corporate governance policies and practices, the compliance with the Model Code, and the compliance with the CG Code and the disclosure in this Corporate Governance Report.

BOARD MEETINGS AND DIRECTORS’ ATTENDANCE RECORDS

During the year ended 31 December 2024, five Board meetings, one annual general meeting and one extraordinary general meeting were held. Since the Listing Date, the Company has adopted the practice of holding Board meetings regularly, at least four times a year for Board meetings, and at approximately quarterly intervals with active participation of majority of Directors, either in person or through electronic means of communication.

The attendance records of each Director by himself/herself at the Board meetings and Board committee meetings of the Company as well as general meetings held during the year ended 31 December 2024 are set out below:

	Attendance/Number of Meeting(s)						
Name of Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Investment and Compliance Committee	Annual General Meeting	Extraordinary General Meeting
Mr. Zhang Jianguo	5/5	N/A	3/3	1/1	2/2	1/1	1/1
Mr. Zhang Feng	5/5	N/A	N/A	N/A	N/A	1/1	1/1
Ms. Zhang Jianmei	5/5	N/A	N/A	N/A	N/A	1/1	1/1
Mr. Chen Rui	5/5	N/A	N/A	N/A	2/2	1/1	1/1
Ms. Chan Mei Bo Mabel	5/5	3/3	3/3	1/1	N/A	1/1	1/1
Mr. Shen Hao	5/5	3/3	3/3	1/1	N/A	1/1	1/1
Mr. Leung Ming Shu	5/5	3/3	N/A	N/A	2/2	1/1	1/1

Note: The number of meetings refers to the number of meetings held during his tenure.

The Chairman also held a meeting with the independent non-executive Directors without the presence of other Directors on 21 August 2024.

Notices of not less than 14 days will be given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board and Board committee meetings, notice will be generally given at a reasonable time.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before the date of each Board meeting or committee meeting (or other agreed period) to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The senior management attends all regular Board meetings and where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

The joint company secretaries are responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection. The Directors are entitled to have access to board papers and related materials. These papers and related materials should be in a form and quality sufficient to enable the Board to make informed decisions on matters placed before it. Queries raised by Directors should receive a prompt and full response, if possible.

The Articles contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have potential or actual conflicts of interests.

DIVIDEND POLICY

The Company has adopted a dividend policy on the payment of dividends. The Company do not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors, among others, financial results, cash flow situation, business conditions and strategies and future operations and earnings, as set out in the dividend policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval.

The Board shall review the dividend policy as and when necessary.

After considering the financial conditions of the Company and the Group and various factors as set out in the dividend policy, the Board does not recommended the payment of a final dividend for the year ended 31 December 2024 (for the year ended 31 December 2023: HK$0.09 per share).

Subject to the Cayman Islands Companies Act and the Articles, no dividend may be declared in excess of the amount recommended by the Board and the dividends are declared from statutory distributable reserves.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing the design, implementation and monitoring of the risk management and internal control systems.

Risk identification is based on discussions and interviews with senior management from different departments. Risks are preliminarily identified by senior management from the risk universe which is a collection of risks built on environmental analysis and external benchmarking that can impact the Group at the entity or specific business process level. Key risk factors are then identified by integrating the results of the discussions and interviews. Risk evaluation is the second step to assess the relative impact and likelihood of identified key risk factors. These identified key risk factors are further assessed by a scale rating process by the senior management to evaluate their impact and likelihood. Risk prioritisation is a mapping exercise. A risk map is used to prioritise the identified key risk factors according to their impact and likelihood.

The Company has adopted and implemented comprehensive risk management policies in various aspects of its business operations such as information system, data security, payment and payroll cycle with the following principles, features and processes:

Information system risk management

During the year ended 31 December 2024, we have not experienced any material disruption to our information and technology system due to malfunctioning of software or hardware. To avoid any service interruption due to power outage, our digital operation and customer service centers and dedicated storage server are equipped with uninterruptible power supply (UPS) apparatuses and can provide emergency power support for up to one hour. Our office at Yingkuo BPO services centers is equipped with uninterruptible power supply apparatuses and can provide emergency power support for up to two hours. We maintain and update our core system on a weekly basis. We also have a dedicated team of engineers to debug, upgrade and maintain the reliability and security of our system. If there is a need for system debugging, our team of engineers can typically complete the task within one hour. Benefiting from an experienced team of engineers, we believe that we have built our technology infrastructure system according to a high industry standard and this cannot be easily replicated by our competitors.

Data security

We collect a substantial amount of personal data relating to our growing pool of candidates for our HR services, including names, phone numbers, mailing addresses and specific information and preferences relating to the candidates, such as past work history, education and other background information. The candidates' personal data is only received and collected by us after the candidate registers as a user through the Qingyun Recruitment App (the mobile application which enables registered individual users to remotely access our Qingyun Recruitment Platform) with clear consent to our user agreement and privacy policy and submits his or her details. Our user agreement sets out the terms and conditions for how we collect personal data as well as how it will be handled, stored and used. For our clients and suppliers, we also store all past contracts. As such, we have adopted robust internal control measures to ensure the security and confidentiality of our data system:

- **Right to access**: Access to data is restricted to a need-to-know basis. For example, users are assigned to different security clearance levels for uploading and downloading data from our system. Furthermore, our system is designed to allow access only from pre-authorised IP locations. Lastly, visitor logs embedded in our system track all access and usage of visitors to our website. We constantly update and maintain policies relating to data access in our key business activities.

  Some third parties, including our clients and candidates, are given limited access to certain personal data in order for us to render our services. For instance, our comprehensive flexible staffing service clients can access personal data of those comprehensive flexible staffing employees assigned to their projects, and our professional recruitment service clients are granted limited access to candidate information of our talent pool, within the scope of consent under the user agreements and user privacy policy or further obtained from the owner of such information. We set out standard confidentiality provisions or use separate confidentiality agreements when we contract with third parties, which require these third parties to maintain the security and confidentiality of such personal information, and on some occasions, return or destroy such confidential information including personal data in their possession upon our request.

- **Data storage and backup:** We have one dedicated storage server currently located in our Shanghai office with system backup on a daily basis in order to minimise the risk of data loss or leakage, as well as an off-site backup storage server in Chengdu with weekly data backup. Our database has been encrypted and our policies have been designed to prevent any unauthorised member of the public or third parties from accessing or using our data in any unauthorised manner. To safeguard our operation and data system, we have installed two separate systems for applications and data, each walled-off from the other so that the integrity of our data can be preserved without interfering with our daily operations. Our computer system and information processing facilities are protected by firewalls and anti-virus software to prevent and detect threats by computer viruses and other malicious software.

- **Physical security of the data system**: We host a server room in an independent area isolated from the employee office area in our Shanghai office. Access to the server room is limited, and only authorised IT personnel responsible for its operation and maintenance are granted entry. Closed-circuit monitoring has been installed for the server room. Off-site backup has been implemented for all data on a weekly basis to our dedicated data storage server in Chengdu. We have established secured communication channels using our VPN connections for data transmission between operation sites and our own data storage site.

We have taken various measures to ensure the collection, storage and use of our user data are in compliance with applicable laws and regulations. For example, our user agreements clearly specify the rules, purposes, methods and scope of our collection and use of users' data. By acknowledging the terms and conditions of the user agreement, our users provide consent to our collection, use and disclosure of their data subject to the limitations set forth therein. Upon a user's deregistration with our online platform, we will terminate our use of the personal data of such user as required by applicable PRC laws and regulations, other than data that has been processed by us and hence can no longer be linked to the identity of such deregistered user. Our collection, use and disclosure of employees' or job candidates' personal data are for the purposes consented to by the data subject, who provided the relevant data and remain the owner of such data, and the personal data will not be utilised for any other purposes without their prior consent. We do not set a fixed duration for how long the personal data will be kept in our system. Therefore, unless the owner of the data requests for deletion or such data has become obsolete, we will continue to maintain this data in accordance with our policy to ensure security and confidentiality. We generally retain data in relation to users' search and browsing history for about two months. According to the Regulations on Technological Measures for Internet Security Protection (《互聯網安全保護技術措施規定》), Internet service providers including us are required to take proper measures including keeping records of certain information about their users for at least 60 days. We comply with these requirements, taking measures to keep cyber-related logs with user information, including registration details, IP addresses, user-uploaded content and time of posts, for at least 60 days.

We also have various internal control measures to ensure the security and confidentiality of the data, including personal data of individuals and other customer information. In addition to restricting how personal data and client information can be obtained, stored and used, as well as restricting access by assigning different security clearance levels, our IT department will also conduct system checks, review account information and require account passwords to meet a certain level of complexity for security purposes. In addition, they will also monitor access rights to confirm that each is in line with business needs and in the event of a remote login, a text message will be sent to relevant personnel, including IT personnel and project managers. Our employees who are given access to data on a need-to-know basis are required to adhere to all relevant laws and regulations in relation to the data privacy protection.

During the year ended 31 December 2024, we have not been in material breach of any PRC laws or regulations in relation to the privacy and personal information protection during our collection, use, disclosure and protection of personal information. During the year ended 31 December 2024, we have not received any complaints from any third party, or been involved in any dispute with any third party, or been investigated or punished by any competent authorities in relation to privacy and personal information protection.

Payment and payroll cycle

We generally make payments to our internal employees on the 10th of each month, and start to pay benefits and then social insurance and housing provident fund contributions. For our comprehensive flexible staffing employees, at each monthly payroll cycle, we generally make payments to our comprehensive flexible staffing employees for their salaries, benefits, social insurance and housing provident fund contributions. Before these payments are made, we have measures in place to confirm whether the relevant payments have been received from our clients for the period these comprehensive flexible staffing employees were working on their assignments. As time is required for checking of invoices, calculation of payroll, and processing of payments, we generally structure our monthly invoice, client payment, and comprehensive flexible staffing employees payroll schedule in such a way as to have clients settle invoices before salaries are to be paid to our comprehensive flexible staffing employees. For some comprehensive flexible staffing clients, we will also require a risk deposit or an upfront payment. We typically and generally grant a credit period of 10 to 90 days to our clients based on the client's creditworthiness, prior payment history and additional client-specific information, and some of them may be granted a credit period of about 150 days. If any client has delayed or failed to make payment, this will be flagged in our system and dedicated personnel will follow up with the relevant client.

We also face numerous market risks, such as interest rate, credit, liquidity and currency risks that arise in the ordinary course of our business. For a discussion on these market risks, please refer to the section headed "Management Discussion and Analysis" in this annual report.

INTERNAL AUDIT FUNCTION

The Company has established its internal audit department since 2022 to assist the Board and the Audit Committee in their review of the adequacy and effectiveness of the risk management and internal control systems on an annual basis covering the preceding financial year. Since 2022, the Group engaged an external audit firm to conduct a comprehensive review on the Group's internal control systems for a period of three years.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the effectiveness of the Group's risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2024, and considered that such systems are effective and adequate. The annual review also covered the adequacy of resources, staff qualifications and experiences, training programmes and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's ESG performance and reporting.

WHISTLEBLOWING POLICY AND ANTI-CORRUPTION

The Company has established a whistleblowing policy and procedures and implemented a system which acts as an open channel enabling employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence without fear of retribution, about any suspected misconduct or malpractice within the Group. Well-defined procedures are put in place for independent investigations and follow-up actions. With delegated authority and responsibility, Audit Committee is tasked to conduct periodical review on reports of whistleblowing cases submitted if any.

The Company has also formulated and implemented multiple policies to provide guidance for employees, encouraging them to adhere to the principles of fairness, integrity and honesty, abide by laws and regulations and anti-corruption practices, so as to promote frank communication and cultivate an honest and trustworthy corporate culture.

INSIDE INFORMATION

The Company has developed its disclosure policy which provides a general guide to the Directors, senior management and relevant employees of the Company in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have at all time complied with the Model Code during the year ended 31 December 2024.

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 year ended 31 December 2024.

DIRECTORS' RESPONSIBILITY IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2024 which provide a true and fair view of the state of affairs of the Company and of the results of its operations and its cashflows.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, announcements relating to disclosure of inside information and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The basis on which the Company generates or preserves value over long term and the strategy for delivering its objectives are explained in the section headed "Management Discussion and Analysis" in this annual report.

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Company for the year ended 31 December 2024 is set out in the Independent Auditor's Report contained in this annual report.

AUDITOR'S REMUNERATION

The remuneration for the audit and non-audit services (being services in relation to review of the Company's interim results and tax advisory) provided by the Auditor to the Group during the year ended 31 December 2024 was approximately as follows:

Type of Services	Amount (RMB'000)
Audit services	2,350
Interim review services	1,050
Other services (including tax services)	1,060
Total	4,460

JOINT COMPANY SECRETARIES

Mr. Li Wenjia (who was as appointed on 13 December 2024 following the resignation of Ms. Chen Chen on the same day) and Ms. Siu Pui Wah are the joint company secretaries of the Company. Ms. Siu is a director and head of accounting and corporate services of Trident Corporate Services (Asia) Limited, a global professional services provider. Ms. Siu's primary contact with the Company is Mr. Li Wenjia, and they worked and communicated closely to discharge the functions of joint company secretaries.

During the year ended 31 December 2024, each of Ms. Chen and Ms. Siu has undertaken not less than 15 hours of relevant professional training in accordance with Rule 3.29 of the Listing Rules.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions.

The Company has adopted a Shareholders' Communication Policy, which complies with the Listing Rules and provides all Shareholders with equal access to such information, in order to keep Shareholders informed of its performance, operations and significant business developments. The Shareholders' Communication Policy of the Company is available on the website of the Company.

The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The general meetings of the Company provide a platform for communication between the Board and the Shareholders. The chairman of the Board as well as chairmen of the Nomination Committee, the Remuneration Committee, the Audit Committee and Investment and Compliance Committee or, in their absence, other members of the respective committees, are available to answer Shareholders' questions at general meeting. The external auditor of the Company is also invited to attend the annual general meetings of the Company to answer questions about the conduct of audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

Shareholders may raise questions or make a request through designated channels for the Company's information to the extent such information is publicly available. Please refer to page 3 of this annual report for the address of the Company's Hong Kong Share Registrar and contact details of the Company. Shareholders can contact Tricor Investor Services Limited, the Company's Hong Kong Share Registrar, for questions about their shareholdings. For putting forward enquiries to the Board, please refer to the section headed "Putting Forward Enquiries to the Board" below.

To promote effective communication, the Company maintains a website (www.renruihr.com), where information and updates on the Company's financial information, corporate governance practices, biographical information of the Board and other information are available for public access.

During the year ended 31 December 2024, the Board reviewed the implementation and effectiveness of Shareholders' Communication Policy taking into account the convening of the general meetings and handling of enquiries from the Shareholders, and concluded that with the above measures in place, the policy is effective and well-implemented for its provision of different channels for Shareholders to communicate their views on matters affecting the Company.

The Board shall continue to review the implementation and effectiveness of the Shareholders' Communication Policy on an annual basis and amend its terms as and when necessary.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Procedures for Shareholders to Convene Extraordinary General Meeting and Putting Forward Proposal at General Meeting

Article 12.3 of the Articles provides that any one or more members may deposit written requisition to convene an extraordinary general meeting at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office, specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s), provided that such requisitionist(s) held together, as at the date of deposit of the requisition, Shares representing not less than one-tenth of the voting rights, on a one vote per share basis, of the Company which carries the right of voting at general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

For proposal of a person for election as Director, pursuant to Article 16.4 of the Articles, no person shall, unless no later than 15 business days prior to the date of such meeting, there has been given to the company secretary of the Company notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

As to the relevant procedures for Shareholders to propose a person for election as a Director, they are also available on the Company's website at www.renruihr.com.

There are no provisions allowing Shareholders to propose new resolutions at the general meetings of the Company under the Companies Act of the Cayman Islands or the Articles. However, the Shareholders who wish to put forward a resolution at a general meeting may request the Company to convene an extraordinary general meeting following the procedures set out above.

Putting Forward Enquiries to the Board

For putting forward any enquiry to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 17th Floor, Block B, Jing'an International Center, No. 88 Puji Road, Jing'an District, Shanghai, China

(For the attention of the Board of Directors)

Email: ir@renruihr.com

Shareholders may deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Change in Constitutional Documents

During the year ended 31 December 2024, no changes have been made to the Articles. The Articles are available on the websites of the Company and the Stock Exchange.

Environmental, Social and Governance Report

Environmental, Social and Governance Report

ABOUT THIS REPORT

The Group has prepared this Environmental, Social and Governance Report (the "**2024 ESG Report**") in accordance with the Environmental, Social and Governance Reporting Code under Appendix C2 to the Listing Rules, which sets out the environmental, social and governance (ESG) performance of the Group in 2024. In order to gain a more comprehensive understanding of the Company's performance in relation to ESG, the Report shall be read in conjunction with the Corporate Governance Report. During the reporting period from 1 January 2024 to 31 December 2024, the Group has complied with the "comply or explain" provisions contained in the "Environmental, Social and Governance Reporting Code". This report has been verified by the management and reviewed and approved by the Board.

SCOPE OF REPORTING

The ESG Report covers the overall environmental and social performances of the comprehensive human resources solutions services provided by the Company and all of its subsidiaries, including comprehensive flexible staffing, professional recruitment and other HR solution businesses. The reporting period is from 1 January 2024 to 31 December 2024, and description in some parts of the Report goes beyond the above period.

STANDARDS OF REPORTING

The Group assesses the relevant aspects and key performance indicators ("**KPIs**") in terms of applicability and materiality in accordance with the Environmental, Social and Governance Reporting Code. The Report has explained the disclosure rules which are not applicable to us. The Report complies with the reporting principles in relation to the Code:

- "Materiality": Materiality assessments have been carried out to identify environmental and social issues that have impacts on stakeholders, and the main stakeholders and procedures are presented in the section "Stakeholder Engagement" in this report;

- "Quantitative": The Report has quantified KPIs in environmental and social aspects, accompanied by illustrations and relevant comparative data;

- "Consistency": Statistical methods and KPIs in environmental aspects are consistent with those for 2023, and compare with relevant data;

- "Balance": In accordance with the principle of "Balance", the Company discloses its ESG performance objectively.

DESCRIPTION OF DATA

All data are derived from relevant statistical reports and official documents. We guarantee the objectivity and authenticity of the relevant data in the ESG Report.

1. ESG SUSTAINABLE DEVELOPMENT OVERVIEW

1.1 Corporate Vision, Mission and Values

The Group adheres to the long-term development strategy of "technology-driven HR services" and the corporate vision of "becoming a world-class influential human resources integrated service provider". It is our mission to get what talent is worth through effective allocation and resource management in the labour market. The Group is also committed to the core values of being "client-oriented, striver-oriented, and long-term commitment to hard work and self-judgment", and adopts the values of "client-oriented and result-oriented" throughout the whole company and activities. We always believe that only a company that is committed to fulfilling environmental and social responsibilities can lead and promote the sustainable development of the society , and continue to produce positive value for users, industry and society.

The Group published the "Corporate Culture Outline" (《企業文化大綱》), elaborating and stipulating the well-rounded meaning of the Renrui's vision, mission and values guidelines. As for establishing the value orientation of Renrui, it is not only the general articles that can lead future development, but the highest standard for key internal and external relationships, in respect of the Company. We always relentlessly believe that there is a mental power in corporate culture. The creation of corporate culture can benefit Renrui's staff motivation and cohesion and illustrate our cultural pursuit with the final goal of serving customers and creating social value.

1.2 Sustainable Development Goals and Outlook

Since its establishment, the Group has been deeply involved in human resources services and strives to consolidate its leading position in the industry through being committed to corporate social responsibility and continuous innovation for sustainable development.

Digitization fosters a bright prospect. Digital transformation has been a natural choice for the development of enterprises, and digital talents are the key driving force in the digital transformation of enterprises. The Group continued to upgrade strategies during the reporting period. We have digitalized and renovated traditional human resources recruitment through innovative technologies, to facilitate a faster and more efficient access for Chinese enterprises to digitalization opportunities. For such, the Group has become a reliable and excellent partner in seeking digital talents. Amid the Group's robust overseas business expansion in 2024, the core philosophy of green concept and sustainable development strategies and its practical application have emerged as critical priorities. While empowering the Group to globalise, Renrui proactively implements sustainability initiatives such as social responsibility practices to accelerate progress toward sustainable development goals.

As an enterprise and a social citizen, the Group will continue to actively invest in green development, industry ecology, talent development, etc. in response to major national strategic plans including "The Outline of the 14th Five-Year Plan and Long-Range Objectives Through the Year 2035" and "The Plan for Development of the Digital Economy During the "14th Five-Year" Period". The Group will stand firmly with fellow companies to chart the course for the harmonious development of the human resources industry in the future.

1.3 ESG Governance

The Group has incorporated ESG-related risks and opportunities in its business strategy, and established an ESG management structure with clear responsibilities to guide daily operation.

The Board : the Board supports our commitment to fulfilling its ESG responsibilities and assumes full responsibility for the ESG strategies and reporting. It reviews the Group's ESG governance performance and target achievement progress at least once a year during meetings; identifies, evaluates and manages important ESG-related matters; and regularly monitors and approves the annual ESG report.

ESG steering team: the senior management is delegated to be responsible for assessing and determining ESG-related risks and relevant issues, ensuring that the Company has in place an appropriate and effective ESG risk management and internal monitoring system, promptly reporting ESG-related risks and opportunities to the Board if any material ESG-related risk that could be a threat to the interest of the Group is identified, and proposing measures to address such risks and confirming the effectiveness of the ESG system.

ESG working group: led by the Group's internal control and audit department, the ESG working group coordinates the collaboration across core functions, including finance, legal, human resources, operation management, technology development, procurement and marketing departments to finalise the implementation of ESG development framework and strategy established by the ESG steering team. A dedicated team is responsible for ESG management and reporting, delivering regular written updates to the management on implementation progress of ESG management and reporting. We conduct periodic discussion to refine the integration of ESG framework and policies with operational realities, ensuring alignment with the Group's evolving business.

Based on the nature of our business, we have limited influence on the environment. It is also reflected on the materiality assessments. Therefore, we did not set any environment-related target during the report period. The Board will review the relevant performance of ESG and assess the necessity of setting ESG-related goals on a regular basis.

1.4 Stakeholder Engagement and Materiality

We maintain the communication with internal and external stakeholders regularly through different means and channels. For example, we pay attention to the feedback from internal and outsourced employees through regular meetings, internal activities, complaint hotlines, complaint mailbox and daily operational communication, etc. We also keep connected with several channels, such as the governments and regulators, shareholders, clients, suppliers, industry associations and so on through means such as company's website, social platforms, visits, seminars, formal meetings, annual general meeting, industry conferences, fora, annual reports and hotlines etc. in order to understand their concerns and expectations to our Group's development.

Our key stakeholders include governments and regulators, shareholders and investors, internal and outsourced employees, clients, suppliers, industry associations and communities, and non-governmental organizations. We put a premium on communication with stakeholders by establishing effective channels of communication and actively responding to stakeholders' demands and expectations, to contribute to the mutual growth of both sides.

Stakeholders	Expectations and Requirements	Means of Communication
Government and Regulatory Authorities	• Compliance with laws and regulations • Tax payment according to laws • Labour rights	• Daily supervision • Official correspondence • Meetings
Shareholders and Investors	• Information disclosure • Investment return • Corporate governance • Risk control • Sustainable development	• General meetings • Company's website • Annual reports • Mails, phones and faxes • Investor relations activities • Stock Exchange's website
Internal Employees	• Wages and benefits • Health and safety • Training and development opportunities • Democratic communication and human rights protection	• E-mails and complaint hotline • Annual meetings, daily meetings, etc. • Staff activities • Internal interview with staff
Outsourced Employees	• Wages and benefits • Health and safety • Training and development opportunities • Democratic communication and human rights protection	• Communication with HR or on-site team • Systems and public platforms • Annual meetings, daily meetings, etc. • Outsourced staff activities • Interview with outsourced employees

Stakeholders	Expectations and Requirements	Means of Communication
Clients	• Responsible operation • Quality services • Service innovation • Sustainable development	• Client satisfaction survey • System and platform • Client visits • Client complaint handling
Suppliers	• Supply chain management • Quality and price • Integrity and compliance	• Project cooperation and negotiation • Supplier visits • Quality communication
Industry Associations and Communities	• Environmental protection • Social welfare activities • Industry promotion	• Charity donation • Social welfare activities • Volunteer services • Industry exchange activities • Seminars, forums, publications
Non-governmental Organisations	• Compliance operation • Labour rights • Industry development	• Social network platform • Official website • Seminars, forums, publications

1.5 Awards, Membership and Certificates

The Group has been committed to promoting employment and fulfilling social responsibilities. As a result, the Group has been awarded many different awards and titles, and has won accolades from the capital market and business cooperation in recognition of its efforts. During the year ended 31 December 2024, we received the following awards:

April 2024

- Renrui Human Resources Technology Group Limited was granted "2023 Top 100 HR Service Provider" by HRoot

August 2024

- Renrui Human Resources Technology Group Limited was granted "the Best Human Resources Integrated Service Provider 2024"by HRflag

September 2024

- Renrui Human Resources Technology Group Limited was granted "2024 HREC Human Resources Provider Value Award" by HREC
- Renrui Human Resources Technology Group Limited was granted "2024 Digital Human Resources Solution Excellence Case Award" at the 5th China Banking Digital and Intelligent Summit in 2024 of CIFS
- Liaoning Renrui Corporate Business Process Outsourcing Service Co., Ltd. was granted "2024 Top 10 Service Outsourcing Company of Operational Management"

October 2024

- Liaoning Renrui Corporate Business Process Outsourcing Service Co., Ltd. was granted "Top 10 Excellent Outsourcer for the Year" at the 20th Golden Headset Digital Services and Operations Benchmark Selection in 2024

November 2024

- Renrui Human Resources Technology Group Limited was granted "Best Brand of Human Resources Service in Greater China 2024" at the 15th Human Resources Service Expo
- Renrui Human Resources Technology Group Limited was granted "Excellent Brand Service Provider in the HR Industry (2023-2024)" presented by MeetHR

December 2024

- Renrui Human Resources Technology Group Limited was granted "The Best Solution in 2025" in the Innovation Competition of the New Flag Awards launched by HRflag
- Renrui Human Resources Technology Group Limited was granted "The Most Valuable Social Service Company" by Zhitong Caijing
- Renrui Human Resources Technology Group Limited was granted "Shanghai Excellent Human Resources Service Company" by Shanghai Human Resources and Social Security Bureau
- Renrui Human Resources Technology Group Limited was granted "Human Resources Pioneer Service Provider in 2024" by TopHR
- Renrui Human Resources Technology Group Limited was granted "Human Resources Service Innovation Award in South China" by Guangdong Talent Development and Management Association

Various associations that the Group has membership of and established close ties with to promote industry development, include:

- China Call-Center & CRM Association
- Beijing Youth Human Resources Service Chamber of Commerce
- Human Resources Service Industry Committee of All-China Federation of Industry and Commerce
- Enterprise Branch of Human Resources Development of China
- China Human Resources Association
- Beijing Human Resources Consulting Association
- Shanghai Human Resources Consulting Association
- Sichuan Human Resources Association
- Nanjing Human Resources Industry Association
- The Eighth Council of Shanghai Software Industry Association
- Guangdong Chain Store & Franchise Association
- Guangdong Talent Development and Management Association
- China Chain Store & Franchise Association

The Group is dedicated on delivering services that adhere to recognised standards in China and globally and have been accredited with the following certifications:

- CMMI5 Certification For International Software Quality Management - Capability Maturity Model Integration
- CMMI3 Certification For International Software Quality Management - Capability Maturity Model Integration
- ISO 9001 - Quality Management System
- ISO 14001 - Environmental Management System
- ISO 20000 - IT Service Management
- ISO 27001 - Information Security Management System
- ISO 45001 - Occupational Health and Safety Management System
- ITSS - Information Technology Service Standards Qualification Certificate
- TMMi 3 Certification For International Software Quality Management - Test Maturity Model Integration
- ISO 22301 - Business Continuity Management Systems
- Five-Star Human Resource Outsourcing Services Provider Compliant with GB/T33530-2017 Specifications
- Compliance with GB/T39604-2020 Social Responsibility Management Systems - Requirements with Guidance for Use
- AAA - Quality and Credit Integrity Enterprise

1.6 Materiality Assessment

To improve the quality of disclosure, we have selected key issues of stakeholders' concern and made targeted disclosure by using ESG materiality assessment. In 2024, the ESG working group took the following steps to conduct materiality assessment:

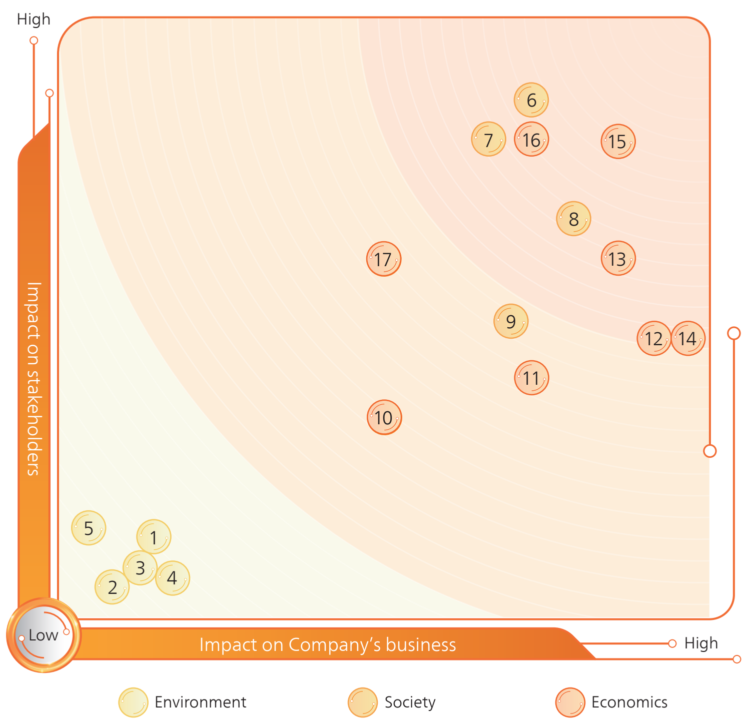
Ø **Identification of issues:** Considering factors such as current condition of the Company, industry overview, risks and opportunities encountered, 17 issues were identified. These issues were related to and affected the Company and its stakeholders in environmental, social and economic aspects;

Ø **Interviews:** The Group designed questionnaires and conducted interview sessions with internal stakeholders on the identified issues. It consolidated answers from those questionnaires and conducted materiality analysis to obtain preliminary results of materiality evaluation; and

Ø **Confirmation of results:** The preliminary results were discussed, verified and confirmed by the management and the ESG working group. The following materiality assessment results were concluded as the basis of disclosure in the ESG Report.

In the preparation of the 2024 ESG report, the Company's management and the ESG working group discussed the previous assessment results again, to confirm that such results still apply to the Company's ESG management status.

Renrui indicator	Number
Waste management	1
Wastewater discharge management	2
Energy management	3
Water resource management	4
Adapting to climate change	5
Rights and benefits of employees	6
Occupational health and safety	7
Development and training of employees	8
Prohibition of child labour and forced labour	9
Supply chain management	10
Protection of intellectual properties	11
Service quality and business innovation	12
Privacy management	13
Customer satisfaction	14
Protection of comprehensive flexible staffing employees' rights	15
Compliance operation with integrity	16
Charity and social welfare	17



2. ENVIRONMENT

2.1 Emission

The Group has been committed to energy conservation and emission reduction for operation activities. As a solution provider based on the philosophy of technology-driven human resources service, we have recognized the role of technology in our daily business activities and office environment, and we will try our best to reduce our carbon footprint together with our external partners.

The Group takes energy saving, emission reduction and environmental protection into account while operating. The Group strictly abides by the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》) and other applicable environmental laws and regulations, and adopts various measures for energy conservation, water conservation and emission reduction to implement sustainable development and promote efficient use of resources, including energy, water and other raw materials in all aspects of the operation of the Group.

Waste Gas Emissions

During the reporting period, all operations of the Group were conducted at offices nationwide, resulting in negligible emissions of nitrogen oxides (NOx), sulfur oxides (SOx), or suspended respirable particulates (PM).

Greenhouse Gases (GHG) Emissions & Reduction Approaches

During the reporting period, the Group's primary GHG footprint stems from indirect emissions via purchased electricity, consistent with its operational model.

During the reporting period, with no owned vehicles or fuel-powered machinery by the Group and air conditioners managed by property management companies, no fuel was used and hence no direct emissions were generated. The Group encouraged its employees to choose green commute with a specific advocacy of public transport means, for which the Group located all its offices on transport hub areas to ensure a 10-minute walk distance from the closest transport hubs and reduce the use of private vehicles.

For the year ended 31 December 2024, the Group's environmental KPIs covered 13 major offices in Chengdu, Shanghai, Beijing, Wuhan, Guangzhou and other cities. The specific data is as follows:

	2024	2023
Emissions[1]		
Total greenhouse gases ("GHG") emissions (tCO2e) [2]	414.62	429.8
Energy indirect GHG emissions (Scope 2) (tCO2e)	414.62	429.8
Total GHG emissions per capita (tCO2e/employee)	0.52	0.55
Use of Resources		
Total energy consumption (MWh)[5]	567.2	662.2
Total indirect energy consumption (MWh)	567.2	662.2
Including: Purchased electricity (MWh)	567.2	662.2
Total energy consumption per capita (MWh/employee)[7]	0.58	0.84
Water consumption (tons)[6]	322.1	273.3
Water consumption per capita (tons/employee)[7]	0.33	0.35

Notes:

1. Due to the business nature, we do not generate waste gas emissions. We only generate a small amount of wastewater from the office in the daily operations and is managed together by the property management companies, therefore, KPI A1.1 (the types of emissions and respective emissions data) and KPI A1.5 (description of emissions target(s) set and steps taken to achieve them) are not disclosed in this ESG Report;

2. Based on the nature of the operations, our GHG emissions mainly come from energy indirect GHG emissions (scope 2) caused by purchased electricity and does not involve direct GHG emissions (scope 1). GHG is presented in carbon dioxide equivalent and accounted for in accordance with the Guidelines for the Accounting and Reporting of Greenhouse Gas Emissions of Public Building Operation Enterprises (《公共建築運營企業溫室氣體排放核算方法與報告指南》) issued by the National Development and Reform Commission;

3. The hazardous wastes produced in our office are small amount of waste toner cartridges, waste ink cartridges, etc., which are recycled by the printer suppliers. The impact on the environment is small. Therefore, KPI A1.3 (total hazardous waste produced) is not disclosed in this ESG Report;

4. Non-hazardous waste produced during the operation includes domestic waste and is managed together by the property management companies. Therefore, KPI A1.4 (total non-hazardous waste produced) is not disclosed in the Report. KPI A1.6 (description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them) is also not applicable as a result;

5. Due to the nature of the operations, our indirect energy consumption comes from purchased electricity and does not involve direct energy consumption. Total energy consumption is calculated based on electricity consumption. Given our electricity consumption was moderate for our operation size, the Company considered KPI A2.3 (description of energy use efficiency target(s) set and steps taken to achieve them) is not applicable;

6. The water comes from municipal water supply and there is no issue in sourcing useable water. Given our water consumption was moderate for our operation size, the Company considered KPI A2.4 (description of water efficiency target(s) set and steps taken to achieve them) is not applicable;

7. KPI A2.5 (total packaging material used for finished products) is not applicable to us as the operations do not involve the use of packaging materials;

8. Based on features of the industry, it has been assessed that our business activities have no significant impact on the environment or natural resources and do not face significant climate change risks. Therefore, Aspect A3 (environment and natural resources) and KPI A3.1 (description of the significant impact of activities on the environment and natural resources and actions taken to manage them) are not disclosed in this ESG Report.

Hazardous Wastes

During the reporting period, the Group generated minimal hazardous waste, primarily comprising waste toner cartridges, waste ink cartridges and electronic waste. Such wastes are separated from general waste and processed through targeted, rational and environmentally sound methods.

The Group has established collaborative partnerships with suppliers of printer ink cartridges to ensure the proper handling of toxic wastes through qualified supplier channels. Dedicated collection bins are deployed for hazardous wastes like waste batteries, guaranteeing a secure and centralized disposal of toxic and hazardous items.

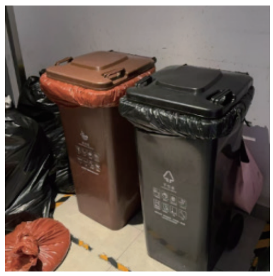
Despite generating minimal hazardous waste, the Group maintains a long-term objective to further minimize such hazardous wastes, to materialize which the Group has adopted various measures including but not limited to prioritizing electronic equipment leasing over purchasing, implementing nationwide reuse programs for electronics, and cooperating with electronic suppliers for necessary eco-friendly and end-of-life fixed asset recovery; meanwhile, providing and implementing paperless workflows (such as prioritizing electronic seals, electronic documentation and electronic signatures) and promoting duplex printing and blank-page reuse to extend the lifespans of electronic equipment and printer ink cartridges.

Non-hazardous Wastes

During the reporting period, the Group generated non-hazardous waste including daily office waste (such as wastepaper, disposable office supplies or containers, cartons and work cards) and other daily waste (such as food residue and food-related waste).

The Group has strictly adhered to the principle of waste classification for food residue and food-related waste to comply with environmental requirements in all cities where its offices are located, such as Shanghai. The Group has also promoted paperless workflow in all aspects, including electronic seals, documentation and signatures, and encouraged its employees to use their own lunchbox and water cup to reduce the use of disposable office supplies and has prepared ceramic cups for distinguished guests attending important meetings. The Group has continued to practice the initiative of reuse of cartons nationwide in offices and called for reuse of work cards.

Promoting the Use of Ceramic Cups



Waste Classification

Reuse of Storage Cartons

2.2 Green Office

We formulated the 6S Office Management System of Renrui Group (《人瑞集團6S辦公管理制度》), to encourage employee to establish a clean, organized and efficient office environment through tidying, rectification, sweeping, cleaning, quality, safety. Establishing the 6S Office Group (6S辦公小組) composed of department heads, the HR department and 6S leaders to conduct comprehensive inspection and supervision of the work environment, create clean and tidy offices and shape a good corporate image. In addition, we also actively carry out 6S knowledge training and promotion and ask employees to rationally allocate and use resources to reduce waste, such as saving paper, turning off the power when getting off work, and garbage sorting.

The Group promotes employees' awareness of green office through mailing, policy posting, morning meeting advocacy, routine inspection and other forms to reduce waste and shape a great corporate image. Applying a resource saving and green office philosophy, we have unified and standardized desks and chairs in offices across the country. This facilitates us to remove the old desks and chairs to other offices and reduce resources consumption. During the reporting period, the Group relocated its office in Suzhou in 2024. All packaging cartons used were reusable cartons and have been returned to the logistics company for recycling after the completion of the relocation.

2.3 Environmental Promotion

We continue to promote the concept of environmental protection and rational use of energy to all employees including:

- ❖ Instructions for use were posted in each meeting room, requiring that the video conferencing system, lights and air conditioners be turned off after the meeting, the tables and chairs be restored, and garbage and personal items be cleaned up;
- ❖ Offices in Shanghai, Wuhan, etc. are arranged to turn off lights during lunch break in working days, to save electricity and facilitate employees to take a rest;
- ❖ For paperless office, the Company upgraded its printing system. Twice swiping card on the printer is required after initiating the printing demand of files online, to avoid paper waste caused by incorrect printing instructions and enhance the security and confidentiality of information;
- ❖ Promoting the use of electronic means by prioritizing the proactive use of electronic seals and electronic contracts in the course of business, especially for signing business contract and documents for administrative and staffing purposes during the reporting period, to further minimize the consumption of paper;
- ❖ Placing green plants at staff workspace, office areas, meeting rooms and public areas;
- ❖ Ensuring the water dispensers in pantries are safe and environmentally friendly.

Swiping Card Twice to Use the Printer

Green Plants Placed in the Office

Reminder for Saving Energy

3. SOCIAL ASPECT

3.1 Responsible Operation

With the aid of an advanced and integrated human resources ecosystem, the Group constantly innovates traditional integrated human resources services and flexibly provides innovative and tailored solutions for enterprises with staffing demands, to achieve sustained growth at a rate that leads the industry. We strictly abide by the Civil Code of the People's Republic of China (《中華人民共和國民法典》), Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), Law of the People's Republic of China on Promotion of Employment (《中華人民共和國就業促進法》), Regulations on Employment Service and Employment Management (《就業服務與就業管理規定》), Regulations on the Management of the Talent Market (《人才市場管理規定》), Interim Provisions for the Management of Chinese and Foreign Joint Venture Talent Intermediaries (《中外合資人才中介機構管理暫行規定》) and other policies and regulations related to human resources services as well as the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》), Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》), Regulations on the Management of Information Services for Mobile Internet Applications (《移動互聯網應用程序信息服務管理規定》), Measures of Cybersecurity Review (Trial)《網絡安全審查辦法(試行)》, Protection of Personal Information Law of People's Republic of China《中國人民共和國個人信息保護法》, and regulations related to the review of Internet services and information security, to provide human resources services legally and in an orderly manner , thus creating value for clients with staffing demands, delivering high-quality services and striving to become a trusted partner of our clients.

As at 31 December 2024, we had established more than 100 subsidiaries and branches, covering more than 300 cities in China and 12 countries/regions around the world. We can respond to the staffing needs of our clients at multiple cities worldwide: (i) providing comprehensive flexible staffing services to clients to improve the staffing mode of clients, effectively dispatching eligible outsourced employees that are suitable for clients' business operation and development needs; and (ii) maximizing employment opportunities for job seekers while providing professional recruitment services to clients by using our innovative O2O recruitment method and using online and offline candidate resources.

Owing to its high-quality professional service and advanced innovation capacity, the Group has received a total of 13 honorary awards from a number of authoritative organizations, including Shanghai Human Resources and Social Security Bureau, TopHR, HRS Expo (人博會) and HREC, etc. For details, please refer to 1.5 Awards, Membership and Certificates.

3.2 Philosophy of Service

Service innovation

As the leading integrated human resources solutions provider, the Group, upholding the philosophy of being "client-focused and result-oriented", provides enterprises with services including comprehensive flexible staffing, professional recruitment and other human resources solutions etc. As a leading integrated human resources services and digital technology solutions provider, the Group is spearheading the comprehensive digital transformation wave driven by the deep integration of "management + technology." As the core enabler of this transformation, our Intelligent Business Management Platform deeply leverages artificial intelligence, big data analytics, and cloud computing technologies to continuously enhance governance precision and deliver a fully upgraded, digitally intelligent service experience. Our comprehensive and integrated HR ecosystem, includes managing board, business and financial management system, managing workbench and Rui Chi System (瑞馳系統), etc. In such a system, closed-loop business management process with four key steps, i.e. requirement management, service target management, customer management and settlement management, have been achieved to break down information barriers and fulfil sustainable management.

Our comprehensive and integrated human resources ecosystem consists Rui Recruitment System, Rui Home Platform, Rui Cloud Management System, Rui Zhi System, Rui Bo System, Employee-end Platform, Integrated Contract Management System, and Rui Human Resources mini program and Rui Chi management systems which were developed in 2024. These ecosystems are designed to help employees develop self-behaviour management and control awareness, and optimize daily habits through the mini program's convenient design, making it both a powerful tool for personal growth and an efficient platform for internal content sharing. Based on the Group's strategic deployment in the field of overseas business, the development of the Rui Chi management system is able to help enterprises to efficiently recruit excellent talents around the world, thereby realizing their demand for recruiting on a global scale.

These systems and platforms will be integrated in one ecosystem to automate processes, reduce manual operations, improve recruitment speed and quality, and play an important role in effectively providing customers comprehensive human resource services concerning key processes, including posting recruitment advertisements, online communication with candidates, interview appointments, interview process and result management, candidate onboarding and pre-job training, follow-up personnel management and employee data storage, salary calculation and staff service. At the same time, these business operation and management systems are interoperable with the platform open to candidates and outsourced employees, thereby improving the recruitment efficiency and the outsourced employees' management abilities for us to provide customers with better recruitment experience and service.

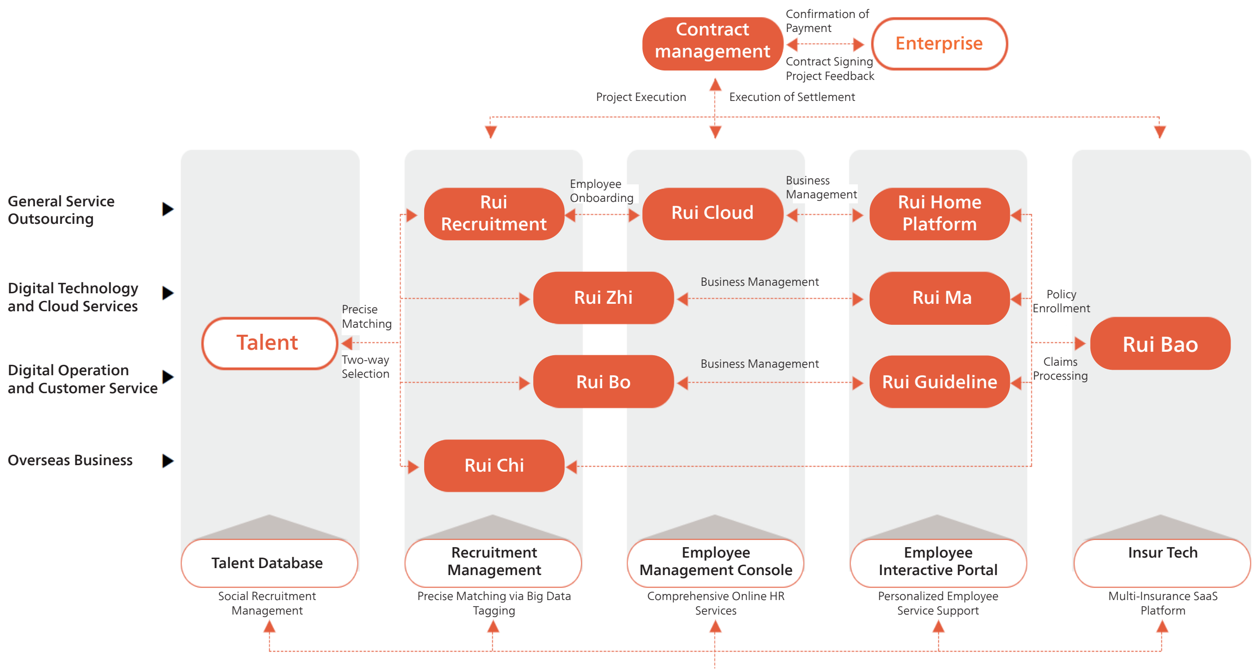
Moreover, in 2024, we continued to iterate and upgrade the functionality of the integrated human resource ecosystem, adding an operational data dashboard to enhance the visualisation of service process management at each stage. This enables the management team to promptly identify issues in the management process through real-time business data, improving management efficiency. Additionally, we implemented comprehensive risk control for trade receivables, contract assets and notes receivables, including pre-analysis and early warning, ongoing tracking and resolution, as well as post-analysis and review, which has accelerated the collection of trade receivables.

The Group has always adhered to the philosophy of "science and technology-driven human resources services", and continuously enhances its core competitiveness through technology research and development and investment to consolidate our leadership position in the industry. For the year ended 31 December 2024, we invested approximately RMB60.5 million in the information system R&D, representing an increase as compared to that of approximately RMB58.2 million for the year ended 31 December 2023. We kept increasing the investment in system R&D, to further ensure the continuous iteration, and upgrade of our existing systems and platforms and optimize efficiency of business operating. Every year, new systems are developed and incorporated into our ecosystem based on business needs, to support our business development and satisfy clients' service requirement.

Service optimization

The Group is constantly looking for areas where demand and technological advancement curves overlap as an opportunity for our development to lead the direction of our business expansion and resource investment. Technology-driven human resources services have always been the direction that the Group strives forward. Our aim is to enhance the effectiveness of resource allocation in the labour market through the rapid and accurate matching of supply and demand via our systems. At the same time, by creating a systematic and standard management system, we improved the efficiency of organizational management and provide customers with efficient service. In the future we will further increase members of professional system R&D team that is responsible for monitoring, maintaining and iterating the Group's proprietary systems and platforms, continuously upgrading the integrated human resources ecosystem, to ensure the quality and efficiency of services.

In the future, the Group will continue to increase its investments in the information system R&D while further improve service systems and platforms, and maintain the advanced nature of the integrated human resources ecosystem.



Integrated Human Resources Ecosystem

Services value-added

As a leading research brand in China's human resources industry renowned for its authority, professionalism, and comprehensive capabilities, the Group's Talent Research Institute focuses on cutting-edge, innovative and impactful practice research in the HR field. It is dedicated to addressing the most challenging and under-resolved critical issues in corporation, driving comprehensive innovation and development across the industry. With a unique global perspective and robust research capabilities, backed by the developing world-class professional HR service competencies, it is committed to solving complex challenges in HR management practices. It aims to advance innovation and development in China's human resources industry while establishing the China's premier platform for global sharing of HR ideas, knowledge, and information.

During the reporting period, the Institute successfully completed five research projects, facilitating upgrades and transformations in our service capabilities. These initiatives focused on analysing market demands and changes across various industries, providing forward-looking guidance for business development, while also empowering the evolution of the human resources industry, enhancing managerial effectiveness and supporting users' career growth and development.

Service control

We continuously improve service processes, gain a lot of experience, and standardize each key step of service during project implementation based on successful service cases, helping clients bring down employment risks and revealing our excellent serving capacities. Meanwhile, training and development and performance appraisal for the members of the project management and execution teams will be optimized, so as to boost active attitude about their service equipping with professional capability.

Taking comprehensive flexible staffing projects as an example, we constantly update business model. On one hand, by enhancing the utilization efficiency of the talent pool, building precise and fast recruiting capabilities, optimising risk management processes, and, on the other hand, by focusing on standardized construction of project management, we established a recruitment and service capability with market competitiveness through the continuous iteration of the workbench function, established a barrier with core competence, and enhanced customer service experience. We motivate members of project team to quickly recruit comprehensive flexible staffing employees for clients and effectively control the turnover rate of staff. At the same time, we have formulated and strictly complied with the "Management Measures for Risk Control in Employment Relationship" to reduce the probability of employment and public opinion risk events, and to improve the quality of operation and management of the entire project.

Performance growth is fundamental to the Group's sustainable growth. During the reporting period, we still targeted and promoted business strategy upgrading. A series of incentive policies, such as the Guideline on Digital Talent Business Recruitment Management and Incentives (《數字人才業務招聘管理辦法及激勵的説明》), the Incentives Plan for Digital Talents Growth (《數字化人才用戶增長激勵方案》) and the Plan for Special Incentives to Net Increase in Digital Talent Outsourcing (《數字人才業務外包在崗淨增特別激勵》) for 2024 came out to assist members of project team to accelerate digital talents recruitment for clients and effectively control the turnover rate of staff. We have also launched internal incentive competitions, with the aim of promoting the development of all business segments with different products together. For general service outsourcing business, we held "Breakthrough & Innovation (《突破創新》) " competitions quarterly to encourage employees to overcome difficult challenges and adopt new technologies to improve work efficiency; we also held "Case Competition (《案例大賽》)" to share the handling methods of special cases, so as to enhance our services and the capability to cope with risks. For the team of digital technology and cloud services, we hold a series of diversified incentive competitions, such as "Steadfast & Innovative (守正出奇)", "Ace TaskForce (王牌戰隊)", and "Visionary Talent Scouts Ranking (慧眼伯樂風雲榜)" on a quarterly basis. Through the competition that focused on key industries and key customers, we implemented PDCA (Plan-Do-Check-Act) cycle management method to manage projects, which improved the overall service ability of the team and customer satisfaction.

"Steadfast & Innovative (守正出奇)" Incentive Series

"Ace Taskforce (王牌戰隊)" Incentive Series

Due to our operation characteristics, KPI B6.1 "Percentage of total products sold or shipped subject to recalls for safety and health reasons" and KPI B6.4 "Description of quality assurance process and recall procedures" do not apply; therefore, no disclosure has been made in this regard.

3.3 Client first

Client satisfaction

"Client-focused" is an important element of our service philosophy. We have been providing clients with professional quality services for a long-trme. To better understand client satisfaction and expectations, and improve client retention, stickiness, and renewal rate, we have continuously improve the quality of our comprehensive flexible staffing and professional recruitment services by continuously optimising the performance appraisal indicators and service standards of internal staff. During the reporting period, the Group maintained the monthly/quarterly/semi-annual/annual project summaries to examine service delivery in terms of recruitment efficiency, business standardisation, stability of teams, management of the staff, innovation of the work as well as the overall scores of our clients, so as to enhance delivery quality and improve client satisfaction. In 2024, we conducted satisfaction surveys with approximately 50 clients. These surveys include the professionalism, responsiveness, tangibility, empathy and other aspects of the service team, and the overall score was not less than 93 points, representing a certain increase compared with the overall score of 90 in 2023, With external and internal customer service researches, we have been able to understand more comprehensively the problems in the course of business operations and continuously enhance the service quality of our comprehensive flexible staffing and professional recruitment services.

Our performance is set by focusing on clients, emphasizing on solving problems and directing by results, to incentive employees to complete performance targets in high quality and standard, thus creating higher core value for the Company and clients. Meanwhile, in respect of performance management, the Company insists on solving problems and improves the appraisal and assessment system to meet performance targets.

Comprehensive flexible staffing	In respect of general service outsourcing and digital technology and cloud management services, we conduct performance appraisal of employees from the aspects of work results and key behaviors to continuously improve the professionalism of their services. In respect of digital operation and customer service, by translating our client's assessment of our service results into our assessment of internal and outsourced employee, our objectives are always aligned with the results required by our clients in the course of the project.
Professional recruitment	We understand client satisfaction in terms of work results and key behaviors, and we evaluate, summarize and improve based on feedback, especially about satisfaction with a candidate from our clients.

Customer complaint

The Group values the feedback and opinions of every client and outsourced employee, and has set up customer complaint hotlines (400-175-0886) and compliant mailbox (BMD@renruihr.com). They may also provide their suggestions or opinions through sending emails to the designated mailbox and directly to our on-site team. At the same time, we maintain regular and irregular daily communication with our clients at both project and non-project levels to ensure that each client's and outsourced employee's requests are responded to in a timely manner and dealt with effectively.

The Group has issued service standards such as the Service Demands on Complaint Hotlines (《關於投訴專線的服務要求》) and arranged specially-assigned persons to answer the compliant calls and receive compliant emails. After receiving a complaint from a client or a outsourced employee, our client service department will report the investigation results to them within 2 working days, handle the compliant within 1 week, and conduct a review with the client or comprehensive flexible staffing employee to understand his/her satisfaction with the complaint handling result. The Group also conducts regular analysis and summary of complaints, tracks the root cause, analyses the reasons of complaints by clients or comprehensive flexible staffing employee, and proposes specific improvement suggestions, so as to enhance the quality and level of services. For the year ended 31 December 2024, the Group has received 5 complaints on the landline phone of the Group, but has not received any formal email complaint. One phone complaint case pertained to online fraud, while four involved employee outsourcing service, all of which have been properly solved by the Group. The Group keeps an open and all-embracing mind to listen to complaints, take advice, solve problems and strengthen communication and strives for high quality and satisfaction of service.

3.4 Compliance operation

Intellectual property

Intellectual property is an important link of business. The Group protects our brand and trademarks, software, domain names and other intellectual property rights through complying with the Trademark Law of the PRC (《中華人民共和國商標法》), the Copyright Law of the PRC (《中華人民共和國著作權法》), the Patent Law of the PRC(《中華人民共和國專利法》) and other relevant laws and regulations on intellectual property rights, formulating relevant work processes and norms, as well as signing confidentiality agreements with our employees, suppliers and clients. Meanwhile, the Group also respects the intellectual property rights of others. The Group issues warnings from time to time and prevents acts of infringement.

For the year ended 31 December 2024, we obtained a number of intellectual property rights such as those relating to 82 trademarks, 267 software copyrights and 13 domain names.

Brand management

The Group strictly abides by the Advertising Law of the PRC (《中華人民共和國廣告法》) and other relevant laws and regulations, and places advertisements through outdoor advertising and new media, APP and website and other major channels to carry out brand promotion in compliance with laws and regulations. At the same time, we regulate the publication of advertisements in accordance with the Advertisement Placement Process of Renrui Human Resources (《人瑞人才廣告投放流程》), the Guidelines on Brand Using of Renrui Human Resources (《人瑞人才品牌使用指引》) and other internal documents, and strictly control various stages of advertisement placement. The Group will also impart legal knowledge such as prohibited words in the Advertising Law to employees by mail.

The Group arranged for marketing staff, including those responsible for public relation dissemination, brand planning, business development, event execution, copywriting and design, etc., to participate in the thematic study on the content of the Advertising Law of the PRC (Revision) (《中華人民共和國廣告法》修訂版), and the training and discussion were conducted through several dimensions such as banned words, rules of use, penalty regulations and analysis of practical case studies to further strengthen understanding and usage of the content by the relevant internal responsible personnel, and understanding of penalty regulations, to prevent from violating and using inappropriate advertising terms in future work. This actively ensures the proper output of the brand value and influence of the Company.

The Group further regulates the use of our brands through training for and supervision over the entire staff. We adopt a responsibility-to-person system where the head of each business system designates a contact point and person-in-charge, and the brand director of the marketing department is responsible for the effective supervision of the usage standards of each channel to ensure the standardization of brand use. In order to effectively communicate with shareholders, we insisted on the principle of "Promptness and Transparency" and kept updating on corporate public account and website information of investor relations. By focusing on company news, industry insight, products service and professional comments, the website was more intuitional and dimensional whether on brand image and content design or audience experience.

To improve brand awareness among professionals and industry leaders, we increase brand exposure and expand the pool of talents through a variety of marketing channels. We continued to attract the attention of potential candidates by means such as providing high-quality job opportunities on the new media advertising platforms, as well as through offline promotion like publishing articles in widely recognised magazines in the human resources industry, participating in association forums, holding industry seminars and cooperating with colleges and universities, and and such new media methods as online lectures and live streams, to promote our brands. The content output by the Group, combined with its innovative practices leading the development of the industry, has received attention and recognition from a lot of media. In 2024, we participated in 22 marketing activities, including 2 events focused on IT themes or IT leaders and 16 events centered around HR topics, and got in touch with more than 6,000 target customers directly. The diversified dynamic marketing methods guarantee market exposure for our brands and continue to maintain strong brand recognition of our services. During the promotion of our brand through diversified channels, we also strictly observe the Advertisement Law of the People's Republic of China (《中華人民共和國廣告法》) and relevant laws and regulations. Our marketing strategy targets corporate customers and potential candidates, and we are of the view that our professionalism and compliance on marketing, accompanied by word-of-mouth effect, are instrumental for strengthening brand awareness among professionals and industry leaders.

3.5 Protection of information security

Protection of Personal Information

We pay special attention to information security and it remains one of the most important issues for the Group. To build the Group's candidate talent pool, we collect a great deal of personal data, including names, telephone numbers, email addresses, and job search intention and preferences of candidates (such as past work history, education and other background information). The Group strictly abides by the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》), the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) and the Protection of Personal Information Law of People's Republic of China (《中國人民共和國個人資訊保護法》), and continues to optimise the systems and procedures of information security, network security and privacy protection applicable to all relevant business lines/subsidiaries, and to enhance the awareness of information risk and security of all employees. Complaint Hotline (400-175-0886) and Customer Service Hotline also accept complaints, comments or suggestions on personal data protection.

Our User Agreement contains terms and conditions on how we collect, process, store, and use personal data. We also maintain all past contracts with our clients and suppliers. We take effective internal controls to ensure the security and confidentiality of data systems, set policies and rules for information security, and organize data security training, to safeguard information security.

In the whole life cycle of processing business information of enterprise customers and personal information of candidates, which covers all aspects such as collection, transmission, storage, use, sharing, destruction, etc., the Group follows the principles of legality, compliance, legitimacy and minimum necessity. We have carried out standardised management in terms of the integrity, confidentiality and availability of data information. If any staff violates our internal management system, we have the right to give a warning, severe warning or dismissal punishments based on the severity of the situation.

During the reporting period, the Group has not been punished by regulators for violating laws and regulations related to personal data and privacy protection; no major information security breaches have occurred; no major cyber security incidents have occurred.

Data security

The Group has built an integrated data security system from three aspects: strategy, governance, and operation based on the principle of "overall planning, unified strategy, and hierarchical construction". It strictly adheres to the thinking of data security management system, and follows the Data Security Management System of Renrui Human Resources (《人瑞人才數據安全管理制度》), the Measures of Data Classification Management (《數據分類分級管理辦法》), the Measures for Data Full-lifecycle Security Management (《數據全生命週期安全管理辦法》) and the Information Management and Data Security Control Standards (《信息化管理及數據安全控制規範》) and other internal policies. It integrates data security capabilities into all areas and the whole process of operation, and realizes manageable, controllable, traceable, and visual data security.

The data security system is organized by three parts: data security strategy, data security governance, and data security operation. Firstly, the data security strategy should be guided by the Company's development strategy, and the overall data security plan should be formulated based on laws, regulations, and policies. Then in terms of organizational staffing and personnel capabilities, we will continue to improve personnel security awareness and data security management skills by establishing appropriate data security management and operation teams. Secondly, data security governance includes three aspects: organizational structure, system and personnel capabilities. The data security organization will implement data security management responsibilities, ensure the development and implementation of data security related work, and organize, supervise and implement data life cycle management requirements; at the same time, it organizes employees to conduct information security training to strengthen employees' security awareness and security capabilities in handling information. Finally, we take corresponding management measures and technical means according to the data level to protect the data collection, transmission, storage, use, sharing, destruction and other links, and then take strict control measures.

Information security training

Data Backup

To prevent the loss and damage of data information by human, force majeure and other accidental factors, we have adopted effective internal control measures to ensure the security and confidentiality of the information system, such as setting up multiple security verifications to restrict access, conducting data back-up at least once a week, using its own servers to store data, limiting personnel's access to server rooms, and letting the technology development review users' rights in the system quarterly. For data disaster-backup of the Company, we have established precise response plan and system to ensure the integrity and accuracy of the backup data. In addition, we conduct data disaster-back up drill at least once a year and quarterly data recovery tests to enable us to quickly cope with the emergency accidents. The Group requires internal employees to sign the Confidentiality Agreement (《保密協議》), the Notice on Employee Information Security (《員工信息安全須知》) and the Employee Competition Restriction and Confidentiality Agreement (《員工競業限制和保密協議》), and enters into confidentiality agreements with clients and suppliers. For details, please refer to the content in relation to data security in "Corporate Governance Report" of this annual report. At the usual time, we actively carry out legal training and publicity on information security, making employees fully aware of the responsibility to protect information security, and guide employees to actively implement corporate confidentiality system.

In the pre-incident prevention phase, the Group emphasizes data security training and education, risk assessment and strategy formulation, access control and privilege management, data backup and recovery planning, as well as the deployment of security devices and technical measures. During the incident response phase, upon the occurrence of a data security incident, the data security governance team swiftly mobilises according to the emergency response plan and initiates recovery procedures to minimise business disruptions. In the post-incident review phase, the team conducts a comprehensive review and analysis of the incident, continuously enhancing the standard of data security governance to strengthen overall resilience against unforeseen events.

The Group encourages internal and external personnel to report violations of personal privacy and trade secrets, including via the reporting mailbox (compliance@renruihr.com). We reward the reporters mentally or materially depending on the severity of the violations. For the year ended 31 December 2024, we did not receive any complaints about the disclosure of personal privacy and trade secrets.

3.6 SUPPLIER MANAGEMENT

Our suppliers include providers for computer equipments, office supplies and services, HR service related partners, public utilities department, professional service institutions and others. We value ecological cooperation and sustainable development relationships with our suppliers and business partners. Based on the Procurement and Supplier Management Policy of Renrui Group (《人瑞集團採購及供應商管理制度》), we review the rationality and necessity of the procurement requirements and organize suppliers to find procurement sources. During the access stage, we confirm the service capability of the suppliers though multi-department evaluation, review their qualification assessment and then put them on the list of suppliers. For those suppliers that have been included in the list, we evaluate the performance of them at least once a year to ensure that their service quality, responding efficiency consistently meet business needs. For suppliers with subpar performance, the Group will cease to work with them.

The Group is committed to collaborating with upstream and downstream partners to fulfill social responsibilities such as environmental protection and energy conservation, striving to establish a green supply chain. We identify environmental and social risks along the supply chain by regular discussion with the senior management, the Purchasing Department and selected suppliers. We monitor and evaluate the supplier management process taking into account the identified risks.

The selection of suppliers abides by the principles of fairness, justice, openness, ensuring the qualification and service ability of suppliers to meet the need of business. The purchasing price follows the fair market price to form the edge of centralised purchasing price, and protect the legal interest of suppliers at the same time.

Demand Assessment	The Purchasing Department and Requirement Department shall review the rationality and necessity of procurement requests and organize supplier sourcing activities.
Assess	The Purchasing Department has set up comprehensive supplier inspection and entry criteria, focusing on checking suppliers' qualifications, operational compliance and quality, professional competence, financial position and continuity of service, as well as conducting on-site inspection of the potential suppliers' operating sites. The suppliers with ISO management system certification including the ISO 14001 Environmental Management System will be preferred.
Evaluate	Conduct annual or regular assessment, selection and daily monitoring of the suppliers, and implement and enhance the online supplier management system to help monitoring the cooperation status, performance feedback on the quality of service and delivery of procurement contents from different departments
Audit	Audit the existing suppliers every six months or annually, and suppliers which have failed their performance and compliance capacity or have not operated in accordance with the agreements made including relevant ESG commitment will be delisted, thus establishing a safe and stable procurement system. Also conduct in-depth investigation and research on the procurement price in the industry, in order to realize cost reduction and efficiency improvement.

For the year ended 31 December 2024, all of our suppliers are subject to the above supplier management procedure.

In addition, the Group is also concerned about suppliers' performance in environmental and corporate social responsibility, including but not limited to:

- Asking all suppliers to sign the Social Responsibility Commitment (《社會責任承諾書》) and accept supervision and inspection. We expect qualified suppliers to meet their commitments to high-standard social responsibilities, including: prohibiting child labour and forced labour, providing a safe and healthy work environment and protecting human rights, etc. If a supplier cannot undertake corresponding commitments, we will stop the business cooperation with it;
- Asking all suppliers to comply with the Anti-unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) and other laws and regulations, and sign the Integrity Commitment (《廉潔承諾書》) with them, thus regulating activities of both parties and avoiding fraud.

In 2024, the Purchasing Department has persisted in centralizing the procurement process of the Group with a view to enhance the dynamic inspection and the suppliers evaluation, control the procurement risks and implement the cost efficiency and environmental friendly principle. There were 792 suppliers including 584 new suppliers in 2024, most of which were based in mainland China while approximately 10.4% were based overseas.

For the year ended 31 December 2024, our purchases from our five largest suppliers accounted for approximately 2.9% of our total cost of revenue.

4. STAFF CARE

We have always committed to providing employees with more competitive development channel and providing them with safe and healthy workplace. The Group strictly complies with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and other relevant laws and regulations, and has formulated an improved internal personnel management systems. In addition, we offer more competitive remuneration, performance-based bonuses, stock option programs, internal training, career development consulting services and other incentive measures to care for the health and job satisfaction of internal employees and to attract, retain and motivate outstanding talents. At the same time, we abide by the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Interim Provisions on Labour Dispatch (《勞務派遣暫行規定》) and other laws and regulations, to provide outsourced employees with comprehensive services for protecting their rights and interests and enhancing their sense of belonging.

As at 31 December 2024, we had a total of 44,058 employees based in various cities and countries around the world, among which we had 1,168 internal employees, 41,868 flexible staffing employees and 1,022 labour dispatch employees.

a) Employment Management for Internal Employees

Recruitment and dismissal

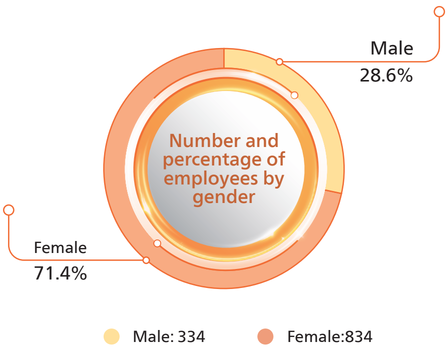
The Group has adhered to the principles of open recruitment, internal recruitment first, and equal competition, standardized the recruitment and staff movement and other relevant procedures in accordance with the Regulations on Recruitment Process Management (《招聘流程管理規範要求》) to effectively respond to the needs of staff in various business departments. As stipulated in the Employee Manual (《員工手冊》), the Company employs individuals over the age of 18 who meet the job requirements, have development potential, have no criminal record, and have full capacity for civil conduct; all appointments are made on the basis of intrapersonal skill and qualifications, no regarding race, color, religious beliefs, age, gender, family status or other personal factors; the Company will not engage any person that has not dissolved or terminated the labour or employment relationship with its original employer.

We recruit the most suitable candidates through online job advertisements, internal referrals, recruitments in schools and headhunting companies recommendations. We conduct adequate background investigations on candidates, including personal information such as their education qualifications, work experience and the remuneration packages provided to them by their previous employers. At the same time, we require employees to provide their identity cards during admissions, and verify the information on employees' identity cards to eliminate the employment of child labour from the source. We sign the Labour Contract (《勞動合同》) with employees in which specifies the circumstances of terminating, regulates the conditions and procedures for the resignation of employees, and not to dismiss employees at will.

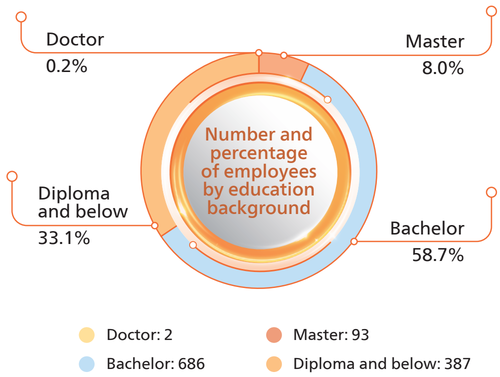
For the year ended 31 December 2024, the Group was not aware of and has not received any indication or complaint from employees or regulators that the Group was involved in using child labor or forced labor. In the event that child labor or forced labor is discovered, the Group will immediately terminate the employment contract and conduct follow-up actions including investigation and rectification.

We provide each new employee with the Corporate Culture Manual (《企業文化手冊》) and the New Employee Guide (《新人攻略》) to share the Company's culture, orientation procedure, employee training and other relevant information. On the Ruixuetang platform of enterprise WeChat, new employees can learn the Company's basic business, product introduction, rules and regulations anytime, anywhere, receive management training, thus helping them better fit in the new environment.

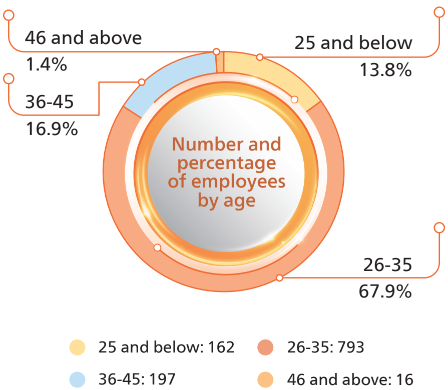
For the year ended 31 December 2024, the Group had a total of 1,168 internal employees, all of whom were full-time employees.



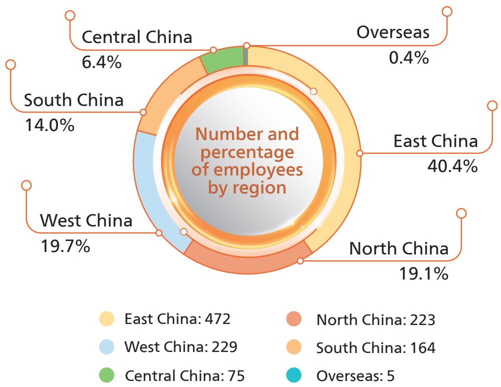
Number and percentage of employees by gender



Number and percentage of employees by education background



Number and percentage of employees by age



Number and percentage of employees by region

We closely follow the turnover situation and dismission risk of employees and regularly analyse the number of and reasons for dimissions as well as phenomena that needs to be brought attention, adjusting and improving human resources priorities to better reduce the Company's human resources risks and avoid brain drain. During the reporting period, the turnover rates of the Group's employees divided by gender, 4.1% were male and 4.0% were female; by age, 3.5% were aged ≤25, 4.2% were aged 26-35, 3.7% were aged 36-45 and 3.8% were aged >45; and by region, 5.7% were in East China, 5.3% were in North China, 4.4% were in South China, 3.3% were in Central China, 3.1% were in West China, and 0% were in overseas regions. The Group's overall turnover rate was at a normal level as compared to last year.

Compensation and Benefits

The Group strictly complies with local laws and regulations at the places of our branches and subsidiaries and internal remuneration policies of the Group, provides employees with remuneration system comprising basic salary, job allowance and performance-based incentives, and pays social insurance and housing provident fund on time. Our remuneration policies are formulated based on the performance of individual employee and are reviewed regularly, aiming to attract and retain talents and motivate employees to fully unleash their potential.

For employees who are dispatched to work in other countries or cities and the Country Manager or recruitment project executives who take business trips overseas, we provide subsidies to employees for off-site work in accordance with the requirements of the Management Policy of Off-site Work (《異地工作管理制度》).

The Group has a complete set of performance appraisal system for employees in each department. In order to further promote collaboration between teams, give full play to the market resources, and guarantee high-efficiency and high-standard to complete the performance appraisal goals, awards and incentives will be granted to the teams and individuals who meet the goals in accordance with relevant measures.

Working hours and Holidays

The Group has formulated the Attendance Management and Leave Policy of Renrui Group (《人瑞集團考勤管理及休假制度》) to strictly regulate the attendance and leave of employees. We have implemented a standard working hour policy where employees work 8 hours per day and 40 hours per week. In case of overtime work, employees apply for overtime work in accordance with the procedures stipulated in the policy, which shall be approved by the immediate supervisors and department directors. Employees approved for overtime work shall receive compensation leave in priority. In case of failure to arrange for compensation leave, the Group shall pay overtime wages to employees according to the law, to protect the legal rights of employees.

Our employees are entitled to national statutory holidays, as well as annual leave, personal leave, sick leave, marriage leave, maternity leave, pregnancy checkup leave, paternity leave, breast-feeding leave, bereavement leave and work-related injury leave.

Equality and Diversity

The Group abides by the principles of fairness, impartiality and openness, recruits employees on the basis of merit under the same conditions, and does not discriminate on the basis of race, gender, color, age, family background, ethnicity, religion, physical fitness and nationality to ensure that they are treated fairly.

The Group continued to use the "distributed home seat system" to solve the problems of on-the-job training and work management of employees with disabilities, further provided a variety of jobs for the disabled, and created work opportunities for the disabled to work from home. As at 31 December 2024, the Company had employed a total of 57 disabled employees of whom 23 were male and 34 were female, and gave them the same remuneration in terms of salary standard, performance appraisal, working hours, leaves, training, development, etc. as other employees in the same position in the same city. Moveover, their daily responsibilities cover key areas such as personnel mamagement, contract mamagement and data check and analysis. By creating equal employment opportunities, we aim to help individuals with disabilities build their confidence, integrate into society and realize their self-worth.

b) Talent Training and Fostering

The Group pays close attention to development of employees' individual abilities, and provides career development channels for employees in different positions according to their individual career development needs, the actual situation and business needs of the Company. For example, for the comprehensive flexible staffing business department and the professional recruitment business department, the Group has developed a clear professional and managerial dual-line qualification assessment channel, to help employees implement reasonable planning for personal career development channels.

Internal employee developing

Every employee was encouraged to be promoted to a position or qualification through hard work and ability improvement at work. Renrui has set up three major career development channels, adhering to the principles of classified assessment, voluntary selection, and automatic placement.

— Leaders: Leaders or managers who have managerial positions, management responsibilities, administration authority, and are responsible for organizational development and performance.

— Experts: People who contribute knowledge and technology, pursue the profundity of knowledge and experience, and become experts in professional and functional fields.

— Employees: People who focus on business and functional tasks and engage in routine work.

The Group encourages our employees to work hard and improve their own capacity level. When a vacancy in a senior position arises or when an employee's personal capabilities are greatly enhanced, the Company will help him/her plan his/her personal development direction, with regarding to the development will of him/her and his/her own capacity characteristics and the demand of talents by the Company.

In order to help employees at all levels improve their skills and keep up with market changes and the pace of industry development, the Group provides various training for the general manager, directors, managers, supervisor and ordinary employees, including corporate culture, business knowledge, and management knowledge. We continue to expand the team of internal trainers and also hire external professional lecturers to help employees improve their work and performance and realize knowledge sharing, thus consolidating their position-based professional knowledge, business foundation and skill level, and promoting common development of the Company and its employees.

For the year ended 31 December 2024, the percentages of trained employees in the Group and the average time for completing the training per employee by gender and position are shown in the table below:

Category		Percentage of trained employees	Average time for completing the training of each employee (hour/employee)
By gender	Male	100%	28.5
	Female	100%	30.0
By position	General manager	100%	26.0
	Director	100%	31.5
	Manager	100%	32.5
	Supervisor	100%	34.0
	General staff	100%	35.0

Considering that employees in different departments have different development will, we provide the cross-department platform and opportunity for extension, encourage and support employees to expand their occupation development path through competition and position adjustment. We will make development opportunities accessible to each of our employees and launch internal competitive selection, such as the program named "Seeking Leaders — Recruitment of Overseas Helmsman(尋將 - 海外舵手招募令)", where employees can put forward their selected expectation and requirement based on their own personal characteristics and occupation requirement and subsequently, re-accept the selection and appointment of the Company; such as "Recruitment of Cadres (幹部競聘)", which offers outstanding leaders a fair and open platform for development and promotion, fosters corporate culture, leads team building, and invigorates organizational vitality through the cultivation of key personnel.

"Seeking Leaders — Recruitment of Overseas Helmsman"

"Recruitment of Cadres"

The various trainings carried out by the Group in 2024 adopted a variety of courses, focused on improving the professional service capabilities of internal employees, helped young employees to grow rapidly, and prepared the Group for outstanding talents.

i. New Employee Orientation

We attach great importance to the corporate cultural recognition of employees and their feelings after joining. During the induction stage of new employees, we will distribute the "Welcome package (新人禮包)" to them for their joining at first. New employees are guided by designated staff for a visit to the workplace upon joining, which help them quickly integrate into the team and enhance their sense of belonging. Through newcomer training, the company history, corporate culture, rules and regulations will be introduced to new employees for their understanding and integration, and quickly going through the adjustment period. In addition, we will conduct interviews with employees in one week, one month, three months and six months, respectively, after entry to know their thoughts and problems during working, give support in time to solve the problems and constantly optimize internal processes.

Welcome Package

New Employee Orientation

ii. Professional Development

Topic 1: "International Business Department" training

To improve professional skills of the international business department and facilitate the growth of the team, we specially organized the "2024 Staff Training for International Business Department" through a total of 4 dimensions of "business, system, culture and team integration", after 6 days of off-duty training, 24 excellent internal lecturers contributed 12 excellent courses and completed 3 days of directional rotation learning, aiming to improve the communication ability, professional skills, knowledge level and work efficiency of employees; and through the sharing of excellent cases and industry expertise, the successful project experience will be disseminated and learned to stimulate team growth potential.

The onsite of "International Business Department" training

Topic 2: "Getting ready for fight" training camp

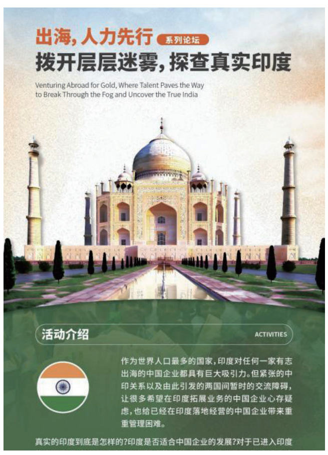
In order to empower the team's outstanding personnel and project experience in the organization, create a new pattern in the value management and business value management, and enhance the Company's brand and innovative service model in the field of digital professional service system, especially from "customer relationship management", "business opportunity development and KP search", "project whole process management", "cost-benefit general sharing" and other content, we organize the business team to carry out capacity enhancement learning plan.

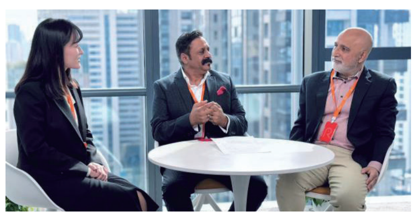
"Getting ready for fight" training camp

iii. Multi-cultural integration

When Chinese companies have expand their business overseas to form a global scale, the demand for talents has also extended from China to the world. We have launched a series of forums on "Venturing Abroad for Gold" in line with the development trajectory. The first theme of the forum is "Talent Paves the Way to Break Through the Fog and Uncover the True India", which invited industry experts from India and senior overseas human resource planning experts from China to introduce in detail the market opportunities of Chinese companies in India and the HR management challenges and solutions in India.

The onsite of India special event





Development of and communicate with outsourced employees

All sorts of offline training will be provided to the outsourced employees by Renrui Academy (人瑞學院) with an aim to help them understand the corporate culture and management style of our customers as well as our service standards. The Group conducts an on-going evaluation of each outsourced employee and provides training courses that match the job functions and requirements of outsourced employees. In 2024, we conducted a total of 1,074 training hours for outsourced employees with more than 7,160 participants. The courses cover elaborate courses, staff skills development system, middle and junior management improvement system, and competence intensive training camps and other rich training courses, so as to enhance outsourced employees' performance, promote their personal development and level up customer satisfaction. Our employees are required to pass an exam after completing the courses to ensure that they have the necessary security awareness and information protection skills.

"Renrui Academy" Training Site

"Renrui Academy" Training Site

The Group has established various communicating channels for outsourced employees. For outsourced employees with different positions in general service outsourcing, digital technology and cloud services, and digital operation and customer services, we have established Rui Home Platform, Ruima (瑞碼), Rui Guideline (瑞指南) and other employee service platforms. Through these platforms, outsourced employees may process and sign their employment contracts online, apply for leaves, inquire about salary distribution, social security and housing fund contribution at any time and apply for employee benefits; outsourced employees may also communicate with our on-site teams at real time to express their opinions and suggestions regarding their work in relation to their employments, thereby effectively safeguarding their rights and interests as employee. Our outsourcing service team will conduct interviews with outsourced employees in one month, three months and six months, respectively, after entry, and communications with them in the ordinary course of business, to know their working environment, job development, family situation, timely giving support to solve the problems in their work.

c) Health and Safety

The Group attaches great importance to employees' health and safety management and publishes the Measures on Security Emergency and Accident Handling Process (《安全應急及事故處理管理文件》). The Measures classifies different safety risks that may happen in the workplace and designs different accident handling processes accordingly, to achieve perfect planning in advance, handling when an accident occurs and reviewing and concluding upon solved. Common emergency medicine will be provided in the office in case of any physical discomfort. No internal staff work-related fatality or work-related injuries have occurred in each of the years from 2021 to 2024. For the year ended 31 December 2024, we had no internal employees lost workdays due to work-related injuries.

Although there is a low risk affecting employees' health concerning the Group's business operation, the Group still took various measures to improve employees' physical and mental health. For example:

- All employees are entitled to paid sick leave as required by law.
- The Group promotes morning exercises in all offices in the PRC to alleviate pains in cervical vertebra, lumbar vertebra and fatigue and sore on the back as well as other problems for employees, thus enabling them to work with better vitality.
- We continue to conduct daily cleaning, ventilation and disinfection in the office, and insist on protecting the office environment.
- In high temperature season, we take measures in respect of high temperature prevention and control and prepare drugs and afternoon tea for relieving heat.
- We invite the Red Cross Society of China to give on-site lectures on the basic principles of first aid and the principles of judgment and treatment of common first-aid situations, so as to enhance the employee's ability in the face of emergencies and to ensure the safety of themselves and their colleagues at critical moments.
- We strictly comply with the Fire Prevention Law of the PRC (《中華人民共和國消防法》) and other relevant laws and regulations, and actively cooperate with the property management in fire drills, fire linkage tests and other fire safety activities.

"Red Cross Society of China" First Aid knowledge on site

Fire Drill

Afternoon tea

d) Care for employees

In 2024, the Group organized a rich variety of activities, including: singing of the Company's song, birthday parties, festival activities, and outdoor expansion, so as to enrich employees' spare-time life, let employees feel the care of the Company, and enhance the cohesiveness of the enterprise.

Annual meeting activities

It is the practice of the Company for all employees to sing the Company's song together every morning. Before singing the song, we provide a stage for employees to show themselves and share their work experience and life lessons, further enhancing mutual understanding among all employees and departments and helping the employees cultivate the good habit of sharing, so as to make the group more cohesive.

In order to adapt to the rapid development of the Group, strengthen its overall executive capability and cultivate an iron team, we need to constantly develop and cultivate numerous outstanding talents. The Group held an annual "Striver" selection activity to commend outstanding internal employees in business department and each branch and subsidiary, and award them certificates of honor and gold medals, in appreciation of their contribution to enterprise development. In addition, since 2020, the Group has awarded annual commemorative medals to internal employees who have worked for the Company for 3, 5, 8 and 10 years and above to appreciate their contributions during their service terms with the Group.

Annual commemorative medals

We care for our outsourced employees and create a relaxed, caring and positive work atmosphere for them to strengthen their belonging and cohesion. In 2024, we continued to launch a variety of activities in regional office venues to enhance outsourced employees' sense of identity and achievement to the Company, and to help them understand the Company's culture and values. For example, creative performances and talent shows at the annual meeting stimulate outsourced employees' creativeness and imagination and bring new inspiration to their daily work. Outsourced employees' active participation and demonstration also help to boost their self-confidence and motivation, which in turn leads to greater commitment and efficiency in their work. In addition, we also hold afternoon tea activities, large-scale festival-themed activities, birthday parties, etc., to promote the friendship between outsourced employees.

Chinese New Year Eve Activities

Dragon Boat Festival Activities

Mid-Autumn Festival Activities

Afternoon Tea activities

e) Combating corruption and upholding integrity

Relevant Systems

The Group strictly complies with the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Anti-unfair Competition Law of the People's Republic of China (《中華人民共和國不正當競爭法》), the Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》), and other relevant laws and regulations, as well as the Business Ethics Training Materials for Listed Companies (《上市公司商業道德培訓材料》) sent by Hong Kong ICAC, and firmly implements the Anti-Corruption and Anti-Commercial Bribery Management Policy of Renrui Human Resources (《人瑞人才反腐敗反商業賄賂管理制度》), required employees to adhere to the principle of cleaner, fairness and justice at work and not to engage in malpractices or seek personal gains directly or in disguise by using official convenience or official influence, so as to guarantee healthy and orderly development of the Group and create an efficient, incorruptible and honest work atmosphere.

Supervisory Mechanism

We have set up a variety of reporting channels to receive complaints and reports of employees' violations of laws and disciplines, and issued the Notice on the Company's Complaint and Report Channels (《關於公司投訴、舉報通道的通知》) to inform employees of the reporting channels, encourage employees to report in time when they find kickbacks, power abuses, malpractices for personal gains, disclosure of Company secrets, and other violations.

Report mailbox complaint@renruihr.com

The HR department and internal control audit department organize personnel of relevant departments to investigate and implement reported cases, and respond to emails within two weeks. Once a report is verified, warnings, fines and other punishments will be given to relevant personnel. If the case involves the Company's reputation or other serious circumstances, the relevant labor relationship will be terminated and the relevant personnel will be transferred to judicial organs for handling. During this period, we will keep the information, phone calls and email addresses of the informants confidential to protect their personal safety. For year ended 31 December 2024, there were no corruption lawsuits brought against the Group or any of our employees.

Methods of Advocacy

We provided anti-corruption trainings in the form of holding training seminars and distributing training materials to our Directors and our employees twice a year. For instance, we organized Directors to study the Business Ethics Training Materials for Listed Companies (《上市公司商業道德培訓材料》), the Director Integrity Practical Guide (《董事誠信實務指南》) and the Practical Guide to Corruption Prevention Systems of Listed Companies (《上市公司防貪系統實務指南》) sent by Hong Kong ICAC and informed each of the Directors that as required by the Environmental, Social and Governance Reporting Code, a listed company should have the responsibility to disclose its anti-corruption policy in their Environmental, Social and Governance Report.

5. GIVING BACK TO SOCIETY

Expertise Sharing

As the leading enterprise in the domestic human resources service industry, the Group commits itself to promoting rapid development of the flexible staffing industry since it was established, including the publication of Flexible Staffing - Talents Belonging to Me to Work for Me (《靈活用工—人才為我所有到為我所用》), Manager's Thought - Winning in Strategic Human Resource Management (《經營者思維-贏在戰略人力資源管理》), two specialized books on human resources, and China Development Report on Flexible Staffing (《中國靈活用工發展報告》) to guide Chinese enterprises to make innovations in human resources management for three consecutive years, and the release of the Report on Research and Development of Digital Talent in Industries (2023) (《產業數字人才研究與發展報告(2023)》) jointly with Deloitte China and Social Sciences Academic Press (China), which shines the spotlight on digital transformation of Chinese enterprises and sees the industry development and talent strategy.

The Group continues participating or holding various forms of sharing activities, such as industry summits, high-end forums and themed salons, to share theories of and experience in human resource management with entrepreneurs, corporate management, heads of HR departments, university teachers and students, etc., which would help enterprises and the society explore new management ideas in the selection of staffing and employment and achieve the effects of cost reduction and efficiency improvement via flexible staffing.

Speech on 2024 China Human Resource Outsourcing Conference by Mr. Zhang Jianguo

Speech on Annual Hrtech Human Resource Technology Forum by Mr. Li Bonan

Speech on 2024 Legend Capital CFO&CHO Joint Forum by Mr. Zhang Jianguo

Speech on HR Executive Seminar for Overseas Enterprises by Mr. OUYANG Hui

Joint Development of Villages and Enterprises

The Group always believe that only a company that is committed to fulfilling environmental and social responsibilities can lead and promote the sustainable development of the society. We also leverage on our unique strengths and innovative corporation model to give back to society. Based on which, we continued the cooperation model with Zhijiang village, Xiaya Town, Jiande City, Zhejiang province (浙江省建德市下涯鎮之江村) in 2024, to jointly develop with targeted village. Zhijiang village will be one of our internal conference centres, in order to boost local traveling, venues, guesthouses development and mark job offering by holding conferences and trainings. Through the procurement of the Group's welfare products, we have adopted a source-purchasing approach to promote the local agricultural products consumption. Within the Group's capacity, we actively fulfil our social responsibilities by integrating the needs of Zhijiang village and accelerating the joint development of villages and enterprises.

"Zhijiang conference"

"Zhijiang conference"

Public Welfare Job Fair

The Group actively participated in and co-organized various public welfare recruitment activities and effectively promoted the matching of supply and demand in the labor market by building a docking platform for candidates and enterprises, aiming to provide customers and candidates with two-way, efficient, fast and accurate matching, and effectively promoting the flow of talents. During the reporting period, the Group participated in or held a number of public welfare job fairs with different themes in March, April and November 2024, which were dedicated to providing employment opportunities for various types of social personnel and fresh students:

- Participated in "Meet in Weishui and Liaohe, and Go to a Better Future Together" the special job fair for college graduates in Xi'an;
- Collaborate to hold the Zhanqian District RT-Mart 2024 spring breeze action and the special job fair for migrant workers;
- Participated in the "From Xipaotai to Gucongtai, Join Hands to Create a Better Future" special job fair for college graduates in Handan;
- Participated in the "Liaoning-Shanxi Friendship, Building the Future" special job fair for college graduates in Taiyuan;
- Co-organized "Just" in the golden autumn, "Job" for the future and "Yingkou Private Entrepreneur Day" special job fair located in the Liaohe Feast Catering Culture Museum (遼河盛宴餐飲文化博物館).

"The onsite of Yingkou public welfare job fair"

"The onsite of Yingkou public welfare job fair"

Definition

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

"2019 Share Award Scheme"	the share award scheme adopted by the Company on 26 November 2019, which was further amended on 26 June 2020 and terminated on 9 December 2024;
"2019 Share Option Scheme"	the share option scheme adopted by the Company on 26 November 2019 and terminated on 9 December 2024;
"2024 Share Award Scheme"	the share award scheme adopted by the Company on 9 December 2024;
"2024 Share Option Scheme"	the share option scheme adopted by the Company on 9 December 2024;
"AGM"	the annual general meeting of the Company to be held on Tuesday, 10 June 2025;
"Articles"	the memorandum and articles of association of the Company, as amended from time to time;
"Audit Committee"	the audit committee of the Board;
"Bake"	Shanghai Bake Information Technology Limited* (上海八客信息科技有限公司), together with its subsidiaries, the "Bake Group";
"Beyondsoft Shanghai"	Beyondsoft (Shanghai) Ltd.* (博彥科技(上海)有限公司), a company established in the PRC on 3 March 2005 with limited liability;
"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;
"CAGR"	compound annual growth rate;
"CG Code"	Corporate Governance Code set out in Appendix C1 to the Listing Rules;
"Chengdu Tianfu"	Chengdu Tianfu Renrui Education Consulting Co., Ltd.* (成都天符人瑞教育諮詢有限公司), a wholly-owned subsidiary of the Company;
"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);
"controlling shareholder(s)"	as defined under the Listing Rules;
"Director(s)"	the director(s) of the Company;
"ESG"	environmental, social and governance;
"FVOCI"	fair value through other comprehensive income;
"GDP"	gross domestic product;

Definition

"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;
"Investment and Compliance Committee"	the investment and compliance committee of the Board;
"Jiangnan Finance"	Jiangnan Finance Management Consultancy (Changzhou) Holdings Company Limited* (江南金融管理諮詢(常州)股份有限公司);
"Lingshi Yuntian"	Lingshi Yuntian Information Technology (Changzhou) Co., Ltd.* (領時雲天信息科技(常州)有限公司), which was previously known as Jiangnan Finance Technology (Changzhou) Co., Ltd.* (江南金融科技(常州)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 Issuers set out in Appendix C3 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 Education"	Neusoft Education Technology Co. Limited* (東軟教育科技有限公司), an exempted company incorporated under the laws of the Cayman Islands on 20 August 2018 with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 9616), together with its subsidiaries, the "Neusoft Education Group";
"Neusoft Group"	Neusoft Group Co., Ltd.* (東軟集團股份有限公司), a company established under laws of the PRC on 17 June 1991 and listed on the Shanghai Stock Exchange (stock code: 600718);
"Neusoft Holdings"	Dalian Neusoft Holdings Co., Ltd.* (大連東軟控股有限公司);
"Nomination Committee"	the nomination committee of the Board;
"PRC" or "China"	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;
"Qihang Yuntian"	Shanghai Qihang Yuntian Technology Limited* (上海起航雲天科技股份有限公司), together with its subsidiaries, the "Qihang Group";

Definition

"R&D"	research and development;
"Remuneration Committee"	the remuneration committee of the Board;
"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;
"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 Renhui"	Shanghai Renhui Human Resources Service Co., Ltd.* (上海人惠人力資源服務有限公司), an indirect wholly-owned subsidiary of the Company;
"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;
"substantial shareholder(s)"	as defined under the Listing Rules;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Trustee"	Trident Trust Company (HK) Limited;
"Wanmayoucai"	Zhejiang Wanyoumali Network Technology Co., Ltd.* (浙江萬有碼力網絡科技有限公司), which was previously known as Shanghai Wanmahui Network Technology Co., Ltd.* (上海萬馬匯網絡科技有限公司);
"Zhencheng Technology"	Shanghai Zhencheng Technology Co., Ltd.* (上海圳誠科技有限公司); and
"%"	per cent.

In this annual report, amounts and percentage figures may be subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not represent an arithmetic aggregation of the figures preceding them and momentary amounts shown may be 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 which are marked with "" are for identification purpose only.*

Independent Auditor's Report

羅兵咸永道

To the Shareholders of Renrui Human Resources Technology Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Renrui Human Resources Technology Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 144 to 234, comprise:

- the consolidated balance sheet as at 31 December 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition
- Impairment assessment for trade receivables and contract assets
- Impairment assessment of goodwill

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td>Revenue recognition

Refer to Note 2.1(xii) (Revenue recognition) and Note 5 (Segment information and revenue) to the consolidated financial statements.

The Group recognised revenue of RMB 5,473 million for the year ended 31 December 2024, including comprehensive flexible staffing, professional recruitment and other human resources solutions. Revenue is recognised when or as the control of the services is transferred to customers.

We considered this is a key audit matter as significant audit efforts were spent in auditing the revenue due to the large volume of transactions.</td><td>Our work in relation to revenue recognition included:

• We understood, evaluated and validated the internal controls over revenue recognition.

• We discussed with management and evaluated their judgements made in determining the method and timing of revenue recognition and calculation.

• We tested revenue transactions, on a sample basis, covering different revenue types, locations and customers, by examining the relevant supporting documents, including sales contracts, customers' confirmation of rendering services, underlying invoices and evidence of cash receipts from customers.

We found the Group's revenue being tested were supported by evidence we obtained.</td></tr>
</table>

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment for trade receivables and contract assets Refer to Note3.1(b)(ii), 4(e) (Impairment of trade receivables and contract assets) and Note 22 (Trade receivables, contract assets and notes receivables) to the consolidated financial statements. As at 31 December 2024, the Group's gross trade receivables and contract assets amounted to RMB 1,752 million, against which an impairment provision of RMB 25 million was made. The Group applied simplified approach as permitted under the relevant accounting standard to measure expected credit losses which used a lifetime expected credit loss model for all trade receivables and contract assets, which were grouped based on shared credit risk characteristics and the days past due. Expected credit losses were determined based on historical default rates and also incorporated forward looking information. We considered this is a key audit matter due to the magnitude of trade receivables and contract assets balances and the complexity and subjectivity of significant management's judgements applied in assessing the impairment of trade receivables and contract assets.	Our work in relation to impairment provision for trade receivables and contract assets included: • We obtained an understanding of management's internal control and assessment process of the impairment of trade receivables and contract assets and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias or fraud. • We assessed the reasonableness of key assumptions adopted in determining expected credit losses of trade receivables and contract assets. We assessed the historical default loss rates by evaluating the Group's actual credit losses incurred in the past. We evaluated the adjust historical default loss rates based on forward looking macroeconomic data by reference to public information with the involvement of our internal valuation expert. • We tested the accuracy of the ageing analysis of trade receivables and contract assets by tracing items in the ageing analysis, on a sample basis, to the relevant supporting documents. • We tested mathematical accuracy of the calculation of the expected credit losses. • We checked subsequent cash receipts relating to trade receivables and contract assets as at 31 December 2024, on a sample basis. Based on the work performed, we considered that management's judgements in assessing the impairment of trade receivables and contract assets were supported by the evidence we obtained.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill Refer to 2.1(v) (a) (Goodwill), 4(g) (Goodwill impairment assessment) and Note 18 (Intangible assets) to the consolidated financial statements. As at 31 December 2024, the net carrying amount of Group's goodwill amounted to RMB 177million, after an impairment provision of RMB 147million. The Group is required to, at least annually, test goodwill for impairment. To assess the impairment, management considered each of the acquired group a separate group of cash-generated-units ("CGU") and goodwill has been allocated to each of the acquired group. Management has assessed the recoverable amounts of the CGU by reference to valuation reports as issued by an independent valuer. The recoverable amounts of the CGU were determined by its value-in-use ("VIU"). The impairment assessment of goodwill involved significant management judgements and estimates in the determination of valuation methodologies and the application of assumptions in the models, including annual revenue growth rates, gross profit rates, terminal revenue growth rates, and pre-tax discount rates used. We focused on auditing the impairment assessment of goodwill because the estimation of the recoverable amount is subject to high degree of estimation uncertainty. The inherent risks in relation to the impairment assessment of goodwill are considered significant due to complexity of the model and subjectivity of significant assumptions used.	Our work in relation to the impairment assessment of goodwill included: • We obtained an understanding of management's internal control and assessment process of the impairment assessment on goodwill. • We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity and subjectivity. • We evaluated the independent external valuer's objectivity, capability and competency to perform the valuation. • We obtained the valuation report and discussed with the independent external valuer on the methodologies and key assumptions used. • We evaluated management's identification of the CGU and allocation of goodwill based on the Group's accounting policy and our understanding of the Group's business. • We assessed the appropriateness of methodologies and the reasonableness of key assumptions used in valuation such as annual revenue growth rates, gross profit rates, terminal revenue growth rates and pre-tax discount rates based on our knowledge of the business and industry and market research with the involvement of our internal valuation expert. • We performed sensitivity analysis on the key assumptions to evaluate the potential impacts on the recoverable amount of the CGU, which include the annual revenue growth rates,gross profit rates,terminal revenue growth rates and pre-tax discount rates, as these are the key assumptions to which the valuation models are the most sensitive. Based on the above procedures performed, we found that the key judgement and assumptions applied by management in relation to the impairment assessment of goodwill were supportable by the evidence we obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in Renrui Human Resources Technology Holdings Limited 2024 annual report (the "annual report") other than the consolidated financial statements and our auditor's report thereon. We have obtained some of the other information including the management discussion and analysis prior to the date of this auditor's report. The remaining other information, including the corporate information, financial summary, chairman's statement, biographies of directors and senior management, report of the directors, corporate governance report and environmental, social and governance report and the other sections to be included in the annual report, is expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining other information to be included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee and take appropriate action considering our legal rights and obligations.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mang, Kwong Fung Frederick.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 31 March 2025

Consolidated Income Statement

For the year ended 31 December 2024

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Revenue	5	**5,473,251**	4,472,172
Cost of revenue	6	**(4,974,420)**	(4,049,674)
Gross profit		**498,831**	422,498
Selling and marketing expenses	6	**(181,999)**	(176,649)
Research and development expenses	6	**(60,494)**	(58,168)
Administrative expenses	6	**(155,231)**	(160,179)
Impairment losses on financial and contract assets	3.1(b)	**(12,177)**	(5,419)
Other income	9	**30,431**	68,119
Other losses, net	10	**(142,631)**	(7,409)
Operating (loss)/profit		**(23,270)**	82,793
Finance income	11	**4,533**	3,640
Finance costs	11	**(13,977)**	(9,592)
Finance costs, net	11	**(9,444)**	(5,952)
Share of net profit of joint ventures	13	**3,828**	3,218
Share of net loss of associates	13	**(10,578)**	(5,480)
(Loss)/profit before income tax		**(39,464)**	74,579
Income tax expense	14	**(18,748)**	(6,793)
(Loss)/profit for the year		**(58,212)**	67,786
(Loss)/profit is attributable to:			
– Equity holders of the Company		**(70,970)**	41,045
– Non-controlling interests		**12,758**	26,741
(Loss)/earnings per share (expressed in RMB per share)			
– Basic (loss)/earnings per share	15(a)	**(0.47)**	0.27
– Diluted (loss)/earnings per share	15(b)	**(0.47)**	0.26

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
		Year ended 31 December	
(Loss)/profit for the year		**(58,212)**	67,786
Other comprehensive income			
Items that may not be reclassified subsequently to profit or loss:			
– Currency translation differences of the Company	25	**15,343**	17,314
Items that may be reclassified subsequently to profit or loss:			
– Currency translation differences of subsidiaries	25	**(14,842)**	(14,675)
Other comprehensive income for the year, net of tax		**501**	2,639
Total comprehensive (losses)/income for the year		**(57,711)**	70,425
Total comprehensive (losses)/income for the year is attributable to			
– Equity holders of the Company		**(70,469)**	43,684
– Non-controlling interests		**12,758**	26,741

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

Consolidated Balance Sheet

As at 31 December 2024

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	**46,286**	31,874
Intangible assets	18	**245,121**	400,756
Investments in joint ventures accounted for using the equity method	13	**32,298**	28,470
Investments in associates accounted for using the equity method	13	**9,832**	20,410
Financial assets at fair value through profit or loss	19	**11,000**	22,183
Derivative financial instruments	19	**2,305**	2,162
Other non-current assets	19	**41,424**	8,309
Deferred income tax assets	20	**7,905**	17,115
Restricted cash	23	**6,000**	6,300
Total non-current assets		**402,171**	537,579
Current assets			
Trade receivables, contract assets and notes receivables	22	**1,730,939**	1,301,905
Prepayments, deposits and other receivables	21	**43,040**	86,707
Contract fulfilment cost		**13,366**	18,720
Financial assets at fair value through other comprehensive income	19	**17,367**	3,650
Financial assets at fair value through profit or loss	19	**27,086**	57,563
Restricted cash	23	**19,382**	356
Cash and cash equivalents	23	**397,698**	284,877
Total current assets		**2,248,878**	1,753,778
Total assets		**2,651,049**	2,291,357

Consolidated Balance Sheet

As at 31 December 2024

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	24	53	53
Share premium	24	2,155,444	2,167,837
Shares held for share-based payment scheme	24	(101,575)	(94,313)
Other reserves	25	(31,298)	(35,502)
Accumulated losses		(825,273)	(754,303)
		1,197,351	1,283,772
Non-controlling interests	12	221,533	220,756
Total equity		1,418,884	1,504,528
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	20	10,327	14,037
Lease liabilities	28	20,014	4,577
Total non-current liabilities		30,341	18,614
Current liabilities			
Trade and other payables	27	701,134	541,039
Contract liabilities	5	12,726	16,373
Current income tax liabilities		11,065	11,934
Borrowings	26	455,616	184,472
Redemption liabilities to non-controlling interests	19	6,746	—
Lease liabilities	28	14,537	14,397
Total current liabilities		1,201,824	768,215
Total liabilities		1,232,165	786,829
Total equity and liabilities		2,651,049	2,291,357

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

The consolidated financial statements on pages 144 to 234 were approved by the Board of Directors on 31 March 2025 and were signed on its behalf.

Zhang Jianguo
Director

Zhang Feng
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Note	Attributable to equity holders of the Company						Non-controlling interests	Total equity
		Share capital	Share premium	Shares held for share-based payment scheme	Other reserves	Accumulated losses	Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023		53	2,167,837	(87,887)	(38,563)	(795,348)	1,246,092	203,502	1,449,594
Comprehensive income									
Profit for the year		–	–	–	–	41,045	41,045	26,741	67,786
Other comprehensive income									
– Currency translation differences	25	–	–	–	2,639	–	2,639	–	2,639
Total comprehensive income		–	–	–	2,639	41,045	43,684	26,741	70,425
Transactions with equity holders in their capacity as equity holders									
Share-based compensation	16	–	–	–	7,652	–	7,652	–	7,652
Acquisitions of shares held for share-based payment scheme	24	–	–	(6,426)	–	–	(6,426)	–	(6,426)
Transactions with non-controlling interests	34	–	–	–	(7,230)	–	(7,230)	(5,567)	(12,797)
Capital contribution from non-controlling interests		–	–	–	–	–	–	490	490
Dividends of a subsidiary		–	–	–	–	–	–	(4,410)	(4,410)
Total transactions with equity holders in their capacity as equity holders		–	–	(6,426)	422	–	(6,004)	(9,487)	(15,491)
Balance at 31 December 2023		53	2,167,837	(94,313)	(35,502)	(754,303)	1,283,772	220,756	1,504,528

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Note	Attributable to equity holders of the Company						Non-controlling interests RMB'000	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		
Balance at 1 January 2024		53	2,167,837	(94,313)	(35,502)	(754,303)	1,283,772	220,756	1,504,528
Comprehensive losses									
Loss for the year		–	–	–	–	(70,970)	(70,970)	12,758	(58,212)
Other comprehensive income									
– Currency translation differences	25	–	–	–	501	–	501	–	501
Total comprehensive losses		–	–	–	501	(70,970)	(70,469)	12,758	(57,711)
Transactions with equity holders in their capacity as equity holders									
Share-based compensation	16	–	–	–	7,334	–	7,334	3,970	11,304
Recognition of redemption liabilities to non-controlling interests	19		–	–	(6,554)	–	(6,554)	–	(6,554)
Acquisitions of shares held for share-based payment scheme	24	–	–	(7,262)	–	–	(7,262)	–	(7,262)
Transactions with non-controlling interests	34	–	–	–	2,923	–	2,923	(11,923)	(9,000)
Capital contribution from non-controlling interests		–	–	–	–	–	–	240	240
Dividends declared		–	(12,393)	–	–	–	(12,393)	–	(12,393)
Dividends of a subsidiary		–	–	–	–	–	–	(4,268)	(4,268)
Total transactions with equity holders in their capacity as equity holders		–	(12,393)	(7,262)	3,703	–	(15,952)	(11,981)	(27,933)
Balance at 31 December 2024		53	2,155,444	(101,575)	(31,298)	(825,273)	1,197,351	221,533	1,418,884

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

		Year ended 31 December	
	Note	**2024 RMB'000**	2023 RMB'000
Cash flows from operating activities			
Cash used in operations	30	**(91,882)**	(141,606)
Income tax paid		**(14,117)**	(10,281)
Net cash outflow from operating activities		**(105,999)**	(151,887)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(8,616)**	(930)
Purchase of intangible assets		**(514)**	(5,656)
Purchase of financial assets at fair value through profit or loss		**(123,000)**	(94,400)
Proceeds from disposal of financial assets at fair value through profit or loss		**153,457**	152,890
Proceeds from disposal of property, plant and equipment		**201**	263
Investment income from financial assets at fair value through profit or loss		**2,324**	2,995
Cash paid for investing in associates		**—**	(20,000)
Interest received		**4,420**	3,617
Net cash inflow from investing activities		**28,272**	38,779
Cash flows from financing activities			
Proceeds from bank borrowings		**737,519**	340,801
Repayments of bank borrowings		**(460,826)**	(252,020)
Capital contribution from non-controlling shareholders of subsidiaries		**240**	490
Transactions with non-controlling interests	34	**(9,000)**	(1,680)
Acquisitions of shares held for share-based payment scheme		**(7,262)**	(6,426)
Payment of lease liabilities	31	**(23,944)**	(26,197)
Interest paid		**(12,113)**	(7,336)
Dividends paid to non-controlling interests in a subsidiary		**(4,268)**	(4,410)
Dividends paid to equity holders of the Company		**(12,393)**	—
Changes in deposits paid to secure borrowings		**(17,897)**	—
Net cash inflow from financing activities		**190,056**	43,222
Net increase/(decrease) in cash and cash equivalents		**112,329**	(69,886)
Cash and cash equivalents at beginning of the year		**284,877**	354,436
Effects of exchange rate changes on cash and cash equivalents		**492**	327
Cash and cash equivalents at end of the year	23	**397,698**	284,877

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

Notes to the Consolidated Financial Statements

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, Ugland 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. 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 consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2 SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Summary of material accounting policies

(i) Basis of preparation

(a) Compliance with HKFRS and the disclosure requirements of HKCO

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance ("HKCO") Cap. 622.

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except that the revaluation of financial assets at fair value through other comprehensive income ("FVOCI"), financial assets at fair value through profit or loss ("FVPL"), financial liabilities at fair value through profit or loss and derivative financial instruments are measured at fair value.

(c) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing on 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to HKAS 1;
- Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause - Hong Kong Interpretation 5 (Revised);
- Lease Liability in Sale and Leaseback – Amendments to HKFRS 16; and
- Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7.

The amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

(i) ***Basis of preparation*** *(Continued)*

(d) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. The Group has already commenced an assessment of the impact of these new or revised standards, amendments and interpretations, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, these standards and amendments are not expected to have a significant impact on the Group's financial performance and position, except HKFRS 18, which may mainly impact the presentation of the consolidated statements of the comprehensive loss and the Group is still in the process of assessing the impact.

	Effective for accounting year beginning on or after
HKAS 21 and HKFRS 1 - Lack of Exchangeability (amendments)	Accounting periods beginning on or after 1 January 2025
HKFRS 9 and HKFRS 7 - Amendments to the Classification and Measurement of Financial Instruments (amendments)	Accounting periods beginning on or after 1 January 2026
HKAS 18 - Presentation and Disclosure in Financial Statements (new standard)	Accounting periods beginning on or after 1 January 2027
HKFRS 19 - Subsidiaries without Public Accountability: Disclosures (new standard)	Accounting periods beginning on or after 1 January 2027
HK Int 5 - Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)	HK Int 5 has incorporated the references to HKFRS 18 which is effective for annual reporting periods beginning on or after 1 January 2027
Amendments to HKFRS 10 and HKAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	A date to be determined by the IASB

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

(ii) Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (Note 2.1(iii)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(i) Subsidiaries controlled through Contractual Arrangements

The Group obtained control over Chengdu Tianfu Renrui Education Consultation Co., Ltd. ("Chengdu Tianfu") and the relevant PRC subsidiaries through the contractual arrangements dated 28 April 2012, and they were subsequently replaced by the contractual arrangements dated 1 April 2019 (the "Modified Contractual Arrangements") entered into between Chengdu Renrui Qicheng Education Consultation Co., Ltd., Chengdu Tianfu and the Controlling Equity Holders, which enabled Chengdu Qicheng WFOE to:

- govern the financial and operating policies of Chengdu Tianfu and the relevant PRC subsidiaries;
- exercise equity holder's voting rights of Chengdu Tianfu and the relevant PRC subsidiaries;
- receive all of the economic interest returns generated by Chengdu Tianfu and the relevant PRC subsidiaries in consideration of the exclusive business cooperation agreements;
- obtain an irrevocable and exclusive right to purchase part or all of the equity interests in Chengdu Tianfu and the relevant PRC subsidiaries at any time and from time to time; and
- obtain a pledge over the entire interests in Chengdu Tianfu from the Controlling Equity Holders to secure performance of entities' obligation under the contractual arrangements.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

(ii) Principles of consolidation and equity accounting (Continued)

(a) Subsidiaries (Continued)

(i) Subsidiaries controlled through Contractual Arrangements (Continued)

As a result of the aforesaid contractual arrangements, the Group has rights to exercise power over Chengdu Tianfu and the relevant PRC subsidiaries, receive variable returns from its involvement with these entities, has the ability to affect those returns through its power over the entities and is considered to control the entities. Consequently, the Company regarded Chengdu Tianfu and the relevant PRC subsidiaries as controlled structured entities and consolidated the financial position and results of operations of these entities in the consolidated financial statements of the Company throughout the years ended 31 December 2024 and 2023.

Nevertheless, there are still uncertainties regarding the interpretation and application of current and future PRC laws and regulations. The directors of the Company, based on the advice of its legal counsel, consider that the use of the aforesaid contractual arrangements are continuously legally enforceable.

(ii) Changes in ownership interests

When the Group ceases to consolidate a subsidiary because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

(b) Joint ventures and associates

The Group's interests in joint ventures in the form of ordinary shares with joint control and in associates in the form of ordinary shares with significant influence but not control or joint control are generally accounted for using the equity method (see (c) below), after initially being recognised at cost in the consolidated balance sheet. The Group's investments in joint ventures in the form of ordinary shares with substantive preferential rights are financial assets designated at fair value through profit or loss.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

(ii) Principles of consolidation and equity accounting (Continued)

(c) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.1(vi).

(iii) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

***(iii) Business combinations** (Continued)*

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(iv) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

(v) Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.1(iii). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(b) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of 5 years for the customer relationships. The useful life of 5 years for customer relationships is determined with reference to the directors' best estimate of the expected contract period for comprehensive flexible staffing services with customers based on the historical renewal pattern and the industry practice.

(c) Software

Software, purchased from third parties, are initially recognised and measured at cost or fair value if they are acquired in business combinations. The intangible assets are amortised over their estimated useful lives using the straight-line method which reflects the pattern in which the intangible asset's future economic benefits are expected to be consumed.

The Group amortises intangible assets with a limited useful life using the straight-line method over 5 years.

(vi) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

(vii) Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

The Group derecognises a financial asset, if the part being considered for derecognition meets one of the following conditions: (i) the contractual rights to receive the cash flows from the financial asset expire; or (ii) the contractual rights to receive the cash flows of the financial asset have been transferred, the Group transfers substantially all the risks and rewards of ownership of the financial asset; or (iii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of de-recognition of transfer of cash flows ("pass through" requirements) and transfers substantially all the risks and rewards of ownership of the financial asset.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

***(vii) Financial assets** (Continued)*

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit and loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Transaction costs of financial assets carried at FVPL are expensed in profit and loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in "Other losses, net" in the consolidated income statement together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Other losses, net". Interest income from these financial assets is included in "Other income" using the effective interest rate method. Foreign exchange gains and losses are presented in "Other losses, net" and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in "Other losses, net" in the consolidated income statement in the period in which it arises.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

***(vii) Financial assets** (Continued)*

(c) Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in "Other income" when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in "Other losses, net" in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in the fair value.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the simplified approach permitted by HKFRS 9 on trade receivables and contract assets, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1(b) for further details.

Impairment on other receivables from third parties and related parties are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

While cash and cash equivalents, restricted cash and notes receivables are also subject to the impairment requirements of HKFRS 9, the identified impairment loss is immaterial.

(viii) Derivative financial instruments

Derivative financial instruments mainly include certain embedded derivatives in relation to the investment in a joint venture (Note 13).

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivative financial instruments held by the Group are accounted for at fair value through profit or loss. The fair values of derivative financial instruments are disclosed in Note 3.3.

The derivatives are classified as non-current assets or liabilities unless the remaining maturity of the derivatives is within 12 months after the reporting period.

Certain derivative financial instruments do not qualify for hedge accounting. Changes in the fair value of any derivative financial instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in "Other losses, net".

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

(ix) Trade receivables and contract assets

Trade receivables and contract assets are amounts due from customers for services provided in the ordinary course of business. They are generally due for settlement within 1 year and therefore are all classified as current.

Contract assets is the Group's right to consideration in exchange for services that the Group has transferred to customers. Trade receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

The Group holds the trade receivables and contract assets with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

See Note 22 for further information about the Group's accounting for trade receivables and contract assets and Note 3.1 for a description of the Group's impairment policies.

(x) Share-based payments

The Company has granted tranches of share option schemes and share award scheme. The Group receives services from employees as consideration for the Company's share option schemes and share award scheme, and certain restricted share scheme in relation to certain subsidiary.

(a) Share options

The fair value of the share options granted is recognised as employee benefits expenses with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the share options granted by using option-pricing models:

- including any market performance conditions
- excluding the impact of any service and non-market performance vesting conditions, and
- including the impact of any non-vesting conditions

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of the share options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the share options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to "Share capital" and "Share premium".

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

(x) ***Share-based payments*** *(Continued)*

(b) Share award scheme

Under the Group's post-IPO share award scheme, only if the grantee is a connected person, the share award will be settled in the form of transfer of the shares, and the fair value of the share award on grant date is recognised as employee benefits expenses over the vesting period with a corresponding increase in equity.

While only if the grantee is not a connected person, the share award will be settled in the form of payment of the actual selling price, netting of the benchmarked price, in cash upon the vesting of such share award. Liabilities for such share award are recognised as employee benefits expenses over the relevant vesting period. The liabilities are remeasured to fair value at each reporting date and are presented as accrued payroll and welfare in the consolidated balance sheet.

(c) Modifications and cancellations

The Group may modify the terms and conditions on which share incentive awards were granted. If a modification increases the fair value of the equity instruments granted, the incremental fair value granted is included in the measurement of the amount recognised for the services received over the remainder of the vesting period.

A grant of share incentive awards, that is cancelled or settled during the vesting period, is treated as an acceleration of vesting. The Group immediately recognises the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

(d) Share-based payments transactions among Group entities

The grant by the Company of share-based payments to the employees of the subsidiaries are treated as a capital contribution to the subsidiaries in the separate financial statements of the Company. The fair value of employee services received, determined by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries undertakings, with a corresponding adjustment to equity in the separate financial statements of the Company.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

(xi) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

(xii) Revenue recognition

Revenue is recognised when or as the control of the services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the services may be transferred over time or at a point in time. Control of the services is transferred over time if the Group's performance provides all of the benefits received and consumed simultaneously by the customer.

If control of the services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the services.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgements on these assumptions and estimates may impact the revenue recognition.

When either party to a contract has performed, the Group presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers service to the customer, the Group presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

(xii) ***Revenue recognition*** *(Continued)*

(a) The accounting policy for the Group's principal revenue sources

Comprehensive flexible staffing

Comprehensive flexible staffing mainly comprise general service outsourcing, digital technology and cloud services and digital operation and customer services.

For general service outsourcing and digital technology and cloud services, the Group provides professional services to meet the customers' needs with the Group's employees performing duties under the customers' direct instructions, and the Group is primarily responsible for ensuring the quality and stability of the available staffing resources. The Group generally enters into contracts with the customers to provide sufficient staffing resources for a contract term of one to two years. The customers are usually billed on a monthly basis for the service fee calculated based on a pre-agreed amount or unit rate per employee. The Group controls services before transferring to the customers and is primarily responsible for fulfilling the contracts to ensure the quality and stability of the available staffing resources, which all together forms a single performance obligation. The Group is subject to the risks associated with employment of the employees. Revenue for general service outsourcing and digital technology and cloud services are recognised on a gross basis over time as the customers simultaneously receive and consume the benefits provided by the Group's performance, while the labour costs paid to the Group's employees are recognised as cost of revenue. For settlement based on project, the Group is responsible for providing IT solutions to customers, and the deliverables of the IT solutions need to be accepted by customers. Revenue is recognised at the point in time when the customers accepted the deliverables, while the cost incurred before the acceptance of the deliverables is recognised as contract fulfilment cost.

For digital operation and customer services, the Group provides services to maintain sufficient number of employees to perform the digital operation and customer services to the Group under the Group's direct supervision. The Group generally enters into contracts with the customers for a contract term of one year, which include only a single performance obligation. The customers are usually billed on a monthly basis for the service fee calculated based on number of employees required times unit rate per employee or a pre-agreed lump sum amount. Since the Group controls digital operation and customer services before transferring to the customers, is primarily responsible for fulfilling the contracts to ensure the quality and performance of the services, is subject to the risks associated with employment of the employees, and has discretion in establishing prices, which all together forms a single performance obligation, the digital operation and customer services revenue is recognised on a gross basis over time as the customers simultaneously receive and consume the benefits provided by the Group's performance, while the labour costs paid to the Group's employees or the Group's subcontractors are recognised as cost of revenue.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

(xii) Revenue recognition *(Continued)*

(a) The accounting policy for the Group's principal revenue sources (Continued)

Professional recruitment and other HR solutions

The Group provides recruitment services of junior or middle-to-senior level positions of different functions across various industries. The service fee is calculated based on either a fixed fee per placement or as a percentage of the salary of the successfully placed candidates. Other HR solutions mainly comprise labour dispatch services and corporate training services.

The recruitment contracts generally include only a single performance obligation, while for certain contracts, the Group will also guarantee the replacement of the candidate within a short period of time, normally one month. In such case, contract price will be allocated between the recruitment and replacement service based on stand-alone selling price. The Group normally receives part of the recruitment fees upfront, which are recognised as contract liabilities. The revenue related to recruitment service is recognised at the point in time when the Group successfully places the candidates, and this is the timing when the customers have accepted the Group's services of providing selected candidates. The revenue related to replacement service will be recognised at the point in time when the service is provided.

Certain customers also pay membership fees to the Group to request a package of services, including arranging interviews or advertising job openings on the Group's platform for a contract term of one year or less. The Group normally receives all of the membership fees upfront, such amount is non-refundable and recognised as contract liabilities. Under the membership fees model, the services can be divided into two categories: i) consumption-based services such as arranging interviews, top display of job postings, etc.; and ii) time based services such as unlimited normal job postings and access to the Group's platform, etc. Each service is a performance obligation, and the transaction price is generally allocated to each performance obligation on the basis of relative stand-alone selling price. The revenue from the consumption-based services is recognised upon the consumption of the individual service. The revenue from the time-based service is recognised on a straight-line basis over the contract period.

For labour dispatch services, the Group acts as a dispatching agent. Labour dispatch services involve a tripartite legal relationship among the employees, the customers and the Group in which the customers have a legal relationship with the employees and assume the risks associated with employment of the employees; the Group is mainly responsible for administrative work, including onboarding and existing procedures, salary payment, etc. which is considered as one performance obligation performed on monthly basis. Although the Group is associated with certain risk of the employee as the Group helps the administration work, the Group does not control employee's labour services, is not responsible for the employee's fulfilment of the labour contract, has no discretion of the price paid to the employee, therefore the labour dispatch revenue is recorded on a net basis over time as the customers simultaneously receive and consume the benefits provided by the Group's performance of the monthly administration work, while the labour costs paid to the employees are recorded to net off revenue.

For corporate training services, the Group provides the training and development courses which are tailored for the customers. The training services revenue is recognised at the point in time when the training courses have been delivered.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

(xiii) Leases

The Group leases various properties. Property leases are typically made for fixed periods of one to six years. Lease terms are negotiated on an individual basis and contain various different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Property leases are recognised as right-of-use assets (included in property, plant and equipment) and the corresponding liabilities at the date of which the respective leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.1 Summary of material accounting policies (Continued)

(xiii) Leases *(Continued)*

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

2.2 Summary of other accounting policies

(i) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM").

The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as executive directors of the Company.

(ii) Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Company's functional currency is United States Dollar ("USD"). The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currency. The consolidated financial statements are presented in RMB, which is the Group's presentation currency.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Summary of other accounting policies (Continued)

(ii) Foreign currency translation (Continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated income statement.

Foreign exchange gains or losses are presented in the consolidated income statement within "Other losses, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences may be reclassified to profit and loss.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Summary of other accounting policies (Continued)

(iii) Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful as follows:

• right-of-use assets	the term of lease
• computer equipment (including servers)	1~3 years
• electrical appliances	1~3 years
• furniture	5 years
• vehicles	5 years
• leasehold improvements	shorter of the lease term or the estimated usefil lives of the assets

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.1(vi)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount, and are recognised in "Other losses, net" in the consolidated income statement.

Right-of-use assets included the rights to use certain properties under leases which are measured at cost. The initial costs of right-of-use assets include the following:

- the amount of the initial measurement of lease liabilities
- any lease payments made at or before the commencement date
- any initial direct costs, and
- restoration costs.

Right-of-use assets are depreciated over the term of lease on a straight-line basis.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Summary of other accounting policies (Continued)

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

(v) Contract fulfilment cost

The Group recognises the contract fulfilment cost for the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The contract fulfilment cost recognised shall be amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the services to which the asset relates.

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of contract fulfilment cost recognised exceeds:

- the remaining amount of consideration that the entity expects to receive in exchange for the services to which the asset relates; less
- the costs that relate directly to providing those services and that have not been recognised as expenses.

(vi) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Summary of other accounting policies (Continued)

(vii) Share capital and shares held for share-based payment scheme

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Certain share-base payment scheme is satisfied by shares acquired by the trustee from the market. Where the Company's shares are acquired from the market by the trustee, the total consideration of shares acquired from the market (including any directly attributable incremental costs) is presented as "Shares held for share-based payment scheme" and deducted from total equity.

(viii) Trade and other payables

These amounts represent liabilities for services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(ix) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the group has a right to defer settlement of the liability for at least 12 months after the reporting period.

(x) Borrowing cost

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed in the period in which they are incurred.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Summary of other accounting policies (Continued)

(xi) *Employee benefits*

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of certain basis acceptable by relevant government authorities, subject to a certain ceiling.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

There were no forefeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) to offset existing contributions under the defined contribution schemes.

The contributions are recognised as employee benefit expenses when they are due.

(xii) *Dividends distribution*

Dividend distribution to the Company's equity holders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's equity holders.

(xiii) *Government grants*

Grants from the government are recognised at their fair value where there is a reasonable assurance that the subsidies will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to assets are net presented by deducting the grant in arriving at the carrying amount of the asset and are recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

2 SUMMARY OF ACCOUNTING POLICIES (Continued)

2.2 Summary of other accounting policies (Continued)

(xiv) Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see Note 10 below.

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss as part of other income, see Note 9 below.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 11 below. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(xv) Research and development

Research expenditures are recognised as expenses as incurred. Costs incurred on development projects are capitalised as intangible assets when recognition criteria are met, including:

(a) it is technically feasible to complete the software so that it will be available for use;

(b) management intends to complete the software and use or sell it;

(c) there is an ability to use or sell the software;

(d) it can be demonstrated how the software will generate probable future economic benefits;

(e) adequate technical, financial and other resources to complete the development and to use or sell the software are available; and

(f) the expenditure attributable to the software during its development can be reliably measured.

Other development costs that do not meet those criteria are expensed as incurred.

The development costs meeting these criteria and capitalised as intangible assets as of 31 December 2024 is Nil (31 December 2023: RMB 4,972,000).

3 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. The Group currently does not use any derivative financial instruments to hedge certain risk exposures for the years ended 31 December 2024 and 2023.

3.1 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 31 December 2024, 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. If RMB had strengthened/weakened by 10% against the USD with all other variables held constant, the net profit for the year would have been approximately RMB553,000 higher/lower mainly as a result of foreign exchange gains/losses on translation of RMB denominated cash and cash equivalents held by the Company. Apart from this, the management considers that the business is not subject to any other significant foreign exchange risk.

As at 31 December 2023, 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. If RMB had strengthened/weakened by 10% against the USD with all other variables held constant, the net profit for the year would have been approximately RMB394,000 higher/lower mainly as a result of foreign exchange gains/losses on translation of RMB denominated cash and cash equivalents held by the Company. 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.

The Group's exposure to changes in interest rates is attributable to its borrowings from banks. Borrowings at variable rates expose the Group to cash flow interest rate risk whereas borrowings at fixed rates expose the Group to fair value interest rate risk, details of which has been disclosed in Note 26. The Group has not hedged its cash flow or fair value interest rate risk.

At 31 December 2024 and 2023, the Group does not anticipate significant impact to bank borrowings resulted from the changes in interest rates, because the interest rates are not expected to change significantly.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(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 as well as credit exposures to customers, including outstanding receivables and contract assets.

(i) Cash and cash equivalents and restricted cash

As at 31 December 2024 and 2023, the Group expects that there is no significant credit risk associated with cash and cash equivalents and 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.

(ii) Trade receivales, contract assets and notes receivables

To manage risk arising from trade receivables and contract assets, 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 180 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 and contract assets. To measure the expected credit losses, trade receivables and contract assets 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 also 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.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) ***Credit risk*** *(Continued)*

(ii) Trade receivales, contract assets and notes receivables (Continued)

On that basis, the loss allowance for trade receivables and contract assets as at 31 December 2024 and 2023 was determined as follows:

31 December 2024	Current	Past due within 3 months	Past due from 4 months to 6 months	Past due from 7 months to 9 months	Past due from 10 months to 12 months	Past due from 1 year to 2 years	Past due over 2 years	Total
Expected loss rate	0.30%	3.02%	5.67%	8.67%	10.85%	19.44%	100.00%	
Gross carrying amount	1,498,892	136,998	38,505	27,554	12,494	33,022	4,183	1,751,648
Loss allowance	4,504	4,136	2,183	2,390	1,355	6,419	4,183	25,170

31 December 2023	Current	Past due within 3 months	Past due from 4 months to 6 months	Past due from 7 months to 9 months	Past due from 10 months to 12 months	Past due from 1 year to 2 years	Past due over 2 years	Total
Expected loss rate	0.30%	2.16%	3.10%	11.06%	16.89%	41.44%	100.00%	
Gross carrying amount	1,161,148	87,360	35,327	8,085	2,244	9,545	2,183	1,305,892
Loss allowance	3,457	1,887	1,096	894	379	3,955	2,183	13,851

For the notes receivables at amortised cost, the Group applies HKFRS 9 simplified approach to measuring the expected credit losses which uses a lifetime expected loss allowance. As at 31 December 2024, the loss allowance of notes receivables at amortised cost were RMB 19,000 (31 December 2023: RMB31,000).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) ***Credit risk*** *(Continued)*

(iii) Other receivables and other non-current assets

For other receivables 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 31 December 2024 and 2023, the loss allowance of other receivables and other non-current assets were RMB 1,223,000 and RMB 876,000, 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 31 December 2024, the Group assessed the credit risk of notes receivable which either discounted or held for maturity 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, and the loss allowance of notes receivables were RMB 7,000 (2023: RMB3,000).

Movement on the Group's loss allowance for impairment of trade receivables and contract assets, notes receivables at amortised cost, other receivables and financial assets at fair value through other comprehensive income was as follows:

	2024 RMB'000	2023 RMB'000
Opening loss allowance at 1 January	**14,761**	9,452
Increase in loss allowance recognised in profit or loss during the year	**12,177**	5,419
Receivables written off during the year as uncollectible	**(519)**	(110)
Closing loss allowance at 31 December	**26,419**	14,761

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 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 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
At 31 December 2024					
Borrowings	460,931	–	–	–	460,931
Trade and other payables*	60,773	–	–	–	60,773
Financial liabilities for put option written on non-controlling interests	6,746	–	–	–	6,746
Lease liabilities**	15,535	13,578	5,819	1,540	36,472
	543,985	13,578	5,819	1,540	564,922
At 31 December 2023					
Borrowings	187,535	–	–	–	187,535
Trade and other payables*	44,074	–	–	–	44,074
Lease liabilities**	14,971	2,719	2,086	–	19,776
	246,580	2,719	2,086	–	251,385

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

** The amounts disclosed for the lease liabilities include cash flows relating to extension options if they have been included in the lease term, and therefore the measurement of the lease liability as disclosed in note 28.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 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 less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

As at 31 December 2024 and 2023, 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.

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2024 and 2023 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 31 December 2024 and 2023, the Group had certain financial instruments carried at fair value, including wealth management products purchased from banks recorded as financial assets at FVPL, investment in joint ventures at FVPL, derivative financial instruments associated with a joint venture and notes receivables as financial assets at FVOCI.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Recurring fair value measurements	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2024				
Financial assets				
Financial assets at fair value through other comprehensive income (Note 19)	**—**	**—**	**17,367**	**17,367**
Financial assets at fair value through profit or loss (Note 19)	**—**	**27,086**	**11,000**	**38,086**
Derivative financial instruments (Note 19)	**—**	**—**	**2,305**	**2,305**
	—	**27,086**	**30,672**	**57,758**
As at 31 December 2023				
Financial assets				
Financial assets at fair value through other comprehensive income (Note 19)	—	—	3,650	3,650
Financial assets at fair value through profit or loss (Note 19)	—	57,563	22,183	79,746
Derivative financial instruments (Note 19)	—	—	2,162	2,162
	—	57,563	27,995	85,558

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

The following table presents the changes in level 3 items including derivative financial instruments and financial assets at fair value through profit or loss for the year ended 31 December 2024 and 2023.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Derivative financial instruments RMB'000
At 1 January 2024	22,183	3,650	2,162
Addition	123,000	186,075	—
Fair value losses from equity investment at FVPL (Note 10)	(11,183)	—	—
Net fair value gains on derivative financial instruments (Note 10)	—	—	143
Net impairment losses on financial assets	—	(4)	—
Disposal/maturity/exercise	(123,000)	(172,354)	—
At 31 December 2024	11,000	17,367	2,305

	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Derivative financial instruments RMB'000
At 1 January 2023	38,552	5,376	12,110
Addition	94,400	130,996	—
Fair value losses from equity investment at FVPL (Note 10)	(12,117)	—	—
Fair value gains on contingent consideration receivable at FVPL(Note 10)	574	—	—
Net fair value gains on derivative financial instruments(Note 10)	—	—	1,169
Disposal/maturity/exercise	(99,226)	(132,722)	(11,117)
At 31 December 2023	22,183	3,650	2,162

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

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 31 December 2024, the balance of notes receivables amounting to RMB 17,367,000 was included in financial assets at fair value through other comprehensive income included in Level 3 (31 December 2023: RMB3,650,000), as the notes receivables are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principle and interest. The fair value was based on the discounted cash flows. The significant assumption are the adjusted discount rate of the cash flows. The higher the discount rate or the lower the cash flows, the lower the fair value.

As at 31 December 2024, the balance of wealth management products amounting to RMB 27,086,000 was included in financial assets through profit or loss included in Level 2 (31 December 2023: RMB57,563,000). The fair value was determined by the present values and the discount rates which were adjusted for counterparty credit risk.

As at 31 December 2024, the balance of equity investment in joint ventures in the form of ordinary shares with certain substantive preferential rights amounting to RMB 11,000,000 was included in financial assets at fair value through profit or loss included in Level 3 (31 December 2023: RMB22,183,000). The fair value 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 higher the liquidity discount, the lower the fair value.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(a) Current and deferred income tax

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers that it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. At 31 December 2024 and 2023, the Group did not recognise deferred income tax asset in respect of cumulative tax loss of approximately RMB33,460,000 and RMB19,687,000 respectively. The outcome of their actual utilisation may be different from management's estimation.

(b) Contractual arrangements

The Group conducts part of its businesses through Chengdu Tianfu and the relevant subsidiaries remained under Chengdu Tianfu. The Group does not have any legal ownership in Chengdu Tianfu. The directors assessed whether or not the Group has power over relevant activities of Chengdu Tianfu and the relevant subsidiaries and whether it has the rights to variable returns from its involvement with Chengdu Tianfu and the relevant PRC subsidiaries. Nevertheless, the contractual arrangements may not be as effective as direct legal ownership in providing the Group with direct control over Chengdu Tianfu and the relevant PRC subsidiaries and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of Chengdu Tianfu and the relevant PRC subsidiaries. The directors, based on the advice of its legal counsel, consider that the contractual arrangements with Chengdu Tianfu and its registered equity holders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

(c) Fair value of share option schemes and share award scheme

The Group awarded share options and share award scheme to eligible senior management and employees. The fair value of the share options are determined by Binomial model at the grant date, and is expected to be expensed over the respective vesting period. The liabilities for share award scheme granted to non-connected person are remeasured to fair value by Binomial model at each reporting date, and is expected to be expensed over the respective vesting period.

Significant estimate on assumptions, including risk-free interest rate, expected volatility, dividend yield and terms, are made by the directors and third-party valuer. In addition, the Group is required to estimate the expected percentage of grantees that will remain in employment with the Group. Changes in these estimates and assumptions could have a material effect on the determination of the fair value of share-based compensation and the amount of such share-based compensation expected to become vested, which may in turn significantly impact the determination of share-based compensation expenses.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(d) Principal versus agent considerations

Determining whether the Group is acting as a principal or as an agent in the provision of certain services to its customers requires judgement and consideration of all relevant facts and circumstances. In evaluation of the Group's role as a principal or agent, the Group considers, individually or in combination, whether the Group controls the specified service before it is transferred to the customer, is primarily responsible for meeting customer specifications, is subject to the risk associated with employment, and has discretion in establishing prices.

(e) Impairment of trade receivables and contract assets

The Group's management determines the provision for impairment of trade receivables and contract assets based on the expected credit losses which use a lifetime expected loss allowance for trade receivables and contract assets. This assessment is based on the credit history of its customers and other debtors and the current market condition as well as forward looking estimates at the end of reporting period, and requires the use of judgements and estimates. Management reassesses the provisions at each balance sheet date.

(f) Presentation and measurement of investments in joint ventures

The Group made certain investments in joint ventures in the form of ordinary shares with preferential rights over investees. As the Group has joint control over these investees, judgement is required in determining whether the features of these preferential rights are substantive and the risks and rewards are different from ordinary shares. If yes, they are measured as financial assets at fair value through profit or loss. Different conclusions around these judgements may affect how these investments in joint ventures presented and measured in the consolidated balance sheet of the Group.

(g) Goodwill impairment assessment

For the purposes of goodwill impairment assessment, management considered each of the acquired group a separate group of cash-generated-units ("CGU") and goodwill has been allocated to each of the acquired group. Management assessed the impairment of goodwill by determining the recoverable amounts of the CGU to which goodwill has been allocated based on the higher of value-in-use calculation and fair value less cost of disposals. Significant judgements and estimates were involved in the goodwill impairment assessment. These significant judgements and estimates include the adoption of appropriate valuation method and the use of key assumptions in the valuation, which primarily include annual revenue growth rate, terminal revenue growth rates, gross profit rates and discount rate. See Note 18 for more details.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(h) Consolidation of the entity in which the Group holds less than a majority of equity interests

Management concluded that the Group possessed the power over Shanghai Sirui to direct its relevant activities, which are determined by simple majority of the board, having considered that the Group was entitled to appoint majority of the board of directors of Shanghai Sirui. As a result, Shanghai Sirui was fully consolidated and was accounted for as a non-wholly owned subsidiary of the Group. See Note 2.1(ii)(a) for more details.

5 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 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.

Comprehensive flexible staffing

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

Professional recruitment and Other HR solutions

The professional recruitment segment offers bulk recruitment service. The Group assists customers in searching for, identifying and recommending suitable candidates for the job vacancies. Also, the Group assists customers' hiring process, which includes candidate assessments, screening and conducting candidate interviews. The Group also 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, majority of the Group's revenue are derived in the PRC.

5 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 year ended 31 December 2024 was as follows:

	Year ended 31 December 2024		
	Comprehensive flexible staffing RMB'000	Professional recruitment and other HR solutions RMB'000	Total RMB'000
Segment revenue	5,425,024	48,227	5,473,251
Segment gross profit	477,528	21,303	498,831
Unallocated:			
Selling and marketing expenses			(181,999)
Research and development expenses			(60,494)
Administrative expenses			(155,231)
Other income (Note 9)			30,431
Other losses, net (Note 10)			(142,631)
Impairment losses on financial and contract assets (Note 3.1)			(12,177)
Finance costs, net (Note 11)			(9,444)
Share of net profit of joint ventures accounted for using the equity method (Note 13)			3,828
Share of net loss of associates accounted for using the equity method (Note 13)			(10,578)
Loss before income tax			(39,464)
Income tax expense (Note 14)			(18,748)
Loss for the year			(58,212)

5 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 year ended 31 December 2023 was as follows:

	Year ended 31 December 2023		
	Comprehensive flexible staffing RMB'000	Professional recruitment and other HR solutions RMB'000	Total RMB'000
Segment revenue	4,427,506	44,666	4,472,172
Segment gross profit	399,986	22,512	422,498
Unallocated:			
Selling and marketing expenses			(176,649)
Research and development expenses			(58,168)
Administrative expenses			(160,179)
Other income (Note 9)			68,119
Other losses, net (Note 10)			(7,409)
Impairment losses on financial and contract assets (Note 3.1)			(5,419)
Finance costs, net (Note 11)			(5,952)
Share of net profit of joint ventures accounted for using the equity method (Note 13)			3,218
Share of net loss of associates accounted for using the equity method (Note 13)			(5,480)
Profit before income tax			74,579
Income tax expense (Note 14)			(6,793)
Profit for the year			67,786

5 SEGMENT INFORMATION AND REVENUE (Continued)

(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.

(d) Disaggregation of revenue from contracts with customers

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

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Comprehensive flexible staffing		
– General service outsourcing	**3,010,094**	2,415,680
– Digital technology and cloud services	**2,144,475**	1,752,526
– Digital operation and customer services	**270,455**	259,300
Professional recruitment and other HR solutions	**48,227**	44,666
	5,473,251	4,472,172

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

2024	**Comprehensive flexible staffing RMB'000**	**Professional recruitment and other HR solutions RMB'000**	**Total RMB'000**
Timing of revenue recognition			
At a point in time	**46,608**	**25,320**	**71,928**
Over time	**5,378,416**	**22,907**	**5,401,323**
	5,425,024	**48,227**	**5,473,251**

2023	Comprehensive flexible staffing RMB'000	Professional recruitment and other HR solutions RMB'000	Total RMB'000
Timing of revenue recognition			
At a point in time	39,759	33,249	73,008
Over time	4,387,747	11,417	4,399,164
	4,427,506	44,666	4,472,172

5 SEGMENT INFORMATION AND REVENUE (Continued)

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

(iii) Information about major customers

The major customer group from whom the individual customer group's revenue for the year ended 31 December 2024 amounted to 10% or more of the Group's total revenue for the year ended 31 December 2024 was as below:

	Year ended 31 December	
	2024 **RMB'000**	2023 RMB'000
Customer group A	**618,085**	481,422

(e) Liabilities related to contracts with customers

The Group recognised the following liabilities related to contracts with customers:

	As at 31 December	
	2024 **RMB'000**	2023 RMB'000
Contract liabilities - comprehensive flexible staffing	**4,537**	10,426
Contract liabilities - professional recruitment and other HR solutions	**8,189**	5,947
	12,726	16,373

Contract liabilities represent non-refundable advanced payments received from customers for services that have not yet been provided to the customers, which are expected to be satisfied during one year or less.

All of the Group's revenue is made directly with the customers. For comprehensive flexible staffing and labour dispatch, the customers are usually billed on a monthly basis. For other services, the periods of the services are generally within one year. As a practical expedient under HKFRS 15, transaction price allocated to these unsatisfied contracts is not disclosed.

During the years ended 31 December 2024 and 2023, all brought-forward contract liabilities at the beginning of the financial year were fully recognised as revenue.

6 EXPENSES BY NATURE

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Employee benefit expenses (Note 7)	**5,078,892**	4,186,152
Depreciation and amortisation (Note 17, 18)	**59,606**	59,302
Subcontracting costs	**53,611**	36,196
Travelling and entertainment expenses	**74,925**	63,160
Professional service fee	**14,692**	13,469
Marketing and promotion expenses	**18,901**	22,603
Other taxes and surcharges	**31,536**	23,942
Utilities and office expenses	**20,259**	19,773
Lease and property management expenses	**11,941**	11,168
Recruitment related communication expenses	**570**	592
Auditor's remuneration		
– Audit services	**2,350**	2,370
– Non-audit services	**2,110**	1,210
Others	**2,751**	4,733
Total	**5,372,144**	4,444,670

7 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Wages, salaries and bonus	**4,264,949**	3,526,443
Social insurance and housing fund	**717,211**	583,328
Other employee welfares	**85,428**	68,729
Share-based payments (Note 16)	**11,304**	7,652
	5,078,892	4,186,152

Employees of the Group's PRC subsidiaries are required to participate in the defined contribution retirement schemes administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds to the schemes to fund the retirement benefits of the employees, which are calculated on certain percentage of the employee salaries. During the year ended 31 December 2024, no forfeited contributions were utilised by the Group to reduce its contributions for the current year (2023: Nil).

The Group has no other material obligations for the payment of retirement benefits associated with the schemes beyond the annual contributions described above.

7 EMPLOYEE BENEFIT EXPENSES (Continued)

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2024 included two (2023: three) director whose emoluments were reflected in the analysis shown in Note 8. The emoluments payable to the remaining three (2023: two) individuals during the year ended 31 December 2024 were as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Basic salaries, housing allowances, share options, other allowances and benefits in kind	**2,871**	2,371
Contribution to pension scheme	**42**	42
Discretionary bonuses	**1,070**	696
Termination benefits	**207**	—
	4,190	3,109

The emoluments fell within the following bands:

	Number of individuals	
	2024	2023
Emolument bands (in HK dollar)		
HK$0 – HK$1,000,000	**—**	—
HK$1,000,001 – HK$2,000,000	**3**	2
HK$2,000,001 – HK$3,000,000	**—**	—
	3	2

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

8 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The remuneration of every director and the chief executive is set out below:

For the year ended 31 December 2024:

Name of Director	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Employer's contribution to pension scheme RMB'000	Allowances and benefits in kind RMB'000	Share-based payments RMB'000	Total RMB'000
Chairman							
Mr. Zhang Jianguo	–	1,226	500	–	10	–	1,736
Executive directors							
Mr. Zhang Feng	–	1,132	312	14	18	–	1,476
Ms. Zhang Jianmei	–	960	172	12	9	–	1,153
Non-executive directors							
Mr. Chen Rui	–	–	–	–	–	–	–
Independent non-executive directors							
Mr. Shen Hao	389	–	–	–	–	–	389
Ms. Chan Mei Bo Mabel	389	–	–	–	–	–	389
Mr. Leung Ming Shu	389	–	–	–	–	–	389
Total	1,167	3,318	984	26	37	–	5,532

8 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

For the year ended 31 December 2023:

Name of Director	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Employer's contribution to pension scheme RMB'000	Allowances and benefits in kind RMB'000	Share-based payments RMB'000	Total RMB'000
Chairman							
Mr. Zhang Jianguo	–	1,200	500	5	15	–	1,720
Executive directors							
Mr. Zhang Feng	–	1,080	159	13	39	694	1,985
Ms. Zhang Jianmei	–	960	470	12	32	925	2,399
Non-executive directors							
Mr. Chen Rui	–	–	–	–	–	–	–
Mr. Chow Siu Lui(i)	–	–	–	–	–	–	–
Mr. Xu Zhetong(ii)	–	–	–	–	–	–	–
Independent non-executive directors							
Mr. Shen Hao	378	–	–	–	–	–	378
Ms. Chan Mei Bo Mabel	378	–	–	–	–	–	378
Mr. Leung Ming Shu	378	–	–	–	–	–	378
Total	1,134	3,240	1,129	30	86	1,619	7,238

(i) Mr. Chow Siu Lui resigned as non-executive director on 19 April 2023.

(ii) Mr. Xu Zhetong was appointed as non-executive director on 19 April 2023 and resigned on 24 October 2023.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company or its subsidiaries undertaking. The emoluments of non-executive directors and independent non-executive directors shown above were for their services as directors of the Company.

The discretionary bonuses were discretionary and were determined with reference to the Company's operating results, individual performance of the directors and comparable market practices.

None of the directors of the Company received or were paid any emoluments in respect of accepting office, and none of the directors of the Company waived or agreed to waive any emolument for the years ended 31 December 2024 and 2023.

(i) Directors' retirement benefits

No director's retirement benefit subsisted at the end of the year or at any time during the years ended 31 December 2024 and 2023.

(ii) Directors' termination benefits

No director's termination benefit subsisted at the end of the year or at any time during the years ended 31 December 2024 and 2023.

8 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

(iii) Consideration provided to third parties for making available directors' services

No consideration provided to third parties for making available director's services subsisted at the end of the year or at any time during the years ended 31 December 2024 and 2023.

(iv) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors subsisted at the end of the year or at any time during the years ended 31 December 2024 and 2023.

(v) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 December 2024 and 2023.

9 OTHER INCOME

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Government grants (i)	**25,418**	58,774
Additional deduction of input value-added tax ("VAT") (ii)	**—**	6,598
Others	**5,013**	2,747
	30,431	68,119

(i) The governments grants recorded in other income mainly represented financial support funds from local government. There were no specific conditions or other contingencies attaching to these grants, and therefore, the Group recognised the grants upon receipts.

(ii) Pursuant to the "Announcement on Clarifying Policies for Value Added Tax Exemption and Exemption for Small scale Taxpayers" (Cai Shui [2023] No.1) (「關於明確增值稅小規模納稅人減免增值稅等政策的公告」(財稅 [2023] 第1號)) jointly issued by the Ministry of Finance and the State Administration of Taxation, the Company's certain subsidiaries qualified for an additional 5% deduction of input VAT from output VAT during the year 2023.

10 OTHER LOSSES, NET

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Impairment of goodwill (Note 18)	**(130,945)**	—
Fair value losses from equity investment at FVPL	**(11,183)**	(12,117)
Exchange gains/(losses) - net	**205**	(2,185)
Net fair value (losses)/gains on wealth management products purchased from bank at FVPL	**(516)**	1,392
Net fair value gains on derivative financial instruments	**143**	1,169
Fair value gains on contingent consideration receivable at FVPL	**—**	574
Net losses on disposal of property, plant and equipment, and intangible assets	**(106)**	(396)
Investment income on wealth management products at FVPL	**2,253**	2,817
Others	**(2,482)**	1,337
	(142,631)	(7,409)

11 FINANCE INCOME AND COSTS

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Finance income		
Interest income on cash and cash equivalents	**4,533**	3,640
Finance income	**4,533**	3,640
Finance costs		
Interest expense		
– borrowings	**(12,486)**	(7,863)
– lease liabilities	**(1,299)**	(1,729)
– others	**(192)**	—
Finance costs expensed	**(13,977)**	(9,592)
Finance costs, net	**(9,444)**	(5,952)

12 SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2024 and 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The place of incorporation or registration is also their principal place of business.

Name of the subsidiaries	Principal activities	Place of incorporation and kind of legal entity	Registered capital	Paid-in capital	Ownership interest held by the Group (%)		Ownership interest held by non-controlling interests (%)	
					2024	2023	2024	2023
Renui Human Resources Technology (Hong Kong) Limited	Investment Holding	Hong Kong, limited liability company	HKD1	HKD1	100	100	–	–
Beijing Renrui Human Resources Service Co., Ltd.	Human Resources Services	Beijing, China, limited liability company	RMB40,000,000	RMB40,000,000	100	100	–	–
Tianjin Renrui Human Resources Service Co., Ltd.	Human Resources Services	Tianjin, China, limited liability company	RMB3,000,000	RMB3,000,000	100	100	–	–
Xi'an Renrui Human Resources Service Co., Ltd.	Human Resources Services	Xi'an, China, limited liability company	RMB2,000,000	RMB2,000,000	100	100	–	–
Hefei Renrui Human Resources Service Co., Ltd.	Human Resources Services	Hefei, China, limited liability company	RMB2,000,000	RMB2,000,000	100	100	–	–
Qingdao Renrui Human Resources Service Co., Ltd.	Human Resources Services	Qingdao, China, limited liability company	RMB2,000,000	RMB2,000,000	100	100	–	–
Chengdu Qicheng WFOE	Investment Holding	Chengdu, China, limited liability company	USD13,250,000	USD11,650,000	100	100	–	–
Chengdu Tianfu	Human Resources Services and Investment Holding	Chengdu, China, limited liability company	RMB5,000,000	RMB5,000,000	100	100	–	–
Wuhan Renrui Human Resources Service Co., Ltd.	Human Resources Services	Wuhan, China, limited liability company	RMB63,000,000	RMB63,000,000	100	100	–	–
Chongqing Renrui Human Resources Service Co., Ltd.	Human Resources Services	Chongqing, China, limited liability company	RMB4,000,000	RMB2,000,000	100	100	–	–
Guangzhou Renrui Human Resources Service Co., Ltd.	Human Resources Services	Guangzhou, China, limited liability company	RMB100,000,000	RMB100,000,000	100	100	–	–
Shenzhen Renrui Human Resources Service Co., Ltd.	Human Resources Services	Shenzhen, China, limited liability company	RMB40,000,000	RMB40,000,000	100	100	–	–
Shanghai Renrui Network Technology Co., Ltd.	Human Resources Services and R&D	Shanghai, China, limited liability company	RMB10,000,000	RMB10,000,000	100	100	–	–

12 SUBSIDIARIES (Continued)

Name of the subsidiaries	Principal activities	Place of incorporation and kind of legal entity	Registered capital	Paid-in capital	Ownership interest held by the Group (%)		Ownership interest held by non-controlling interests (%)	
					2024	2023	2024	2023
Shanghai Renhui Human Resources Service Co., Ltd.	Human Resources Services	Shanghai, China, limited liability company	RMB100,000,000	RMB100,000,000	100	100	–	–
Nanjing Renrui Human Resources Co., Ltd.	Human Resources Services	Nanjing, China, limited liability company	RMB23,000,000	RMB23,000,000	100	100	–	–
Hangzhou Renrui Human Resources Service Co., Ltd.	Human Resources Services	Hangzhou, China, limited liability company	RMB21,000,000	RMB21,000,000	100	100	–	–
Suzhou Renrui Puhui Human Resources Service Co., Ltd.	Human Resources Services	Changshu, China, limited liability company	RMB10,000,000	RMB10,000,000	100	100	–	–
Suzhou Renrui Yongdao Human Resources Service Co., Ltd.	Human Resources Services	Changshu, China, limited liability company	RMB2,000,000	RMB2,000,000	100	100	–	–
Renrui HR Group	Human Resources Services	Chengdu, China, limited liability company	RMB490,526,300	RMB370,526,300	100	100	–	–
Liaoning Renrui Service Outsourcing Co., Ltd.	Human Resources Services	Yingkou, China, limited liability company	RMB20,000,000	RMB20,000,000	100	100	–	–
Ningbo Renrui Human Resources Service Co., Ltd.	Human Resources Services	Ningbo, China, limited liability company	RMB8,000,000	RMB8,000,000	100	100	–	–
Liaoning Renrui Puhui Human Resources Service Co., Ltd.	Human Resources Services	Yingkou, China, limited liability company	RMB20,000,000	RMB20,000,000	100	100	–	–
Liaoning Renrui Yongdao Human Resources Service Co., Ltd.	Human Resources Services	Yingkou, China, limited liability company	RMB20,000,000	RMB20,000,000	100	100	–	–
Wuhan Huazhong Renrui Human Resources Service Co., Ltd.	Human Resources Services	Wuhan, China, limited liability company	RMB10,000,000	RMB10,000,000	100	100	–	–
Shangrao Renrui Human Resources Service Co., Ltd.	Human Resources Services	Shangrao, China, limited liability company	RMB10,000,000	RMB10,000,000	100	100	–	–
Sunflower Human Resources Limited	Investment Holding	The British Virgin Islands, limited liability company	USD50,000	USD1	100	100	–	–
Tournesol Human Resources Limited	Human Resources Services	Hong Kong, limited liability company	HKD1	HKD1	100	100	–	–
Shandong Renrui Human Resources Service Co., Ltd.	Human Resources Services	Jinan, China, limited liability company	RMB3,000,000	RMB3,000,000	100	100	–	–
Liaoning Corporate	Human Resources Services	Yingkou, China, limited liability company	RMB35,000,000	RMB35,000,000	100	100	–	–
Sichuan Renrui Network Technology Co., Ltd.	Human Resources Services and R&D	Chengdu, China, limited liability company	RMB10,000,000	RMB2,400,000	100	100	–	–
Chengdu Renrui United Human Resources Service Co., Ltd.	Human Resources Services	Chengdu, China, limited liability company	RMB2,000,000	RMB1,200,000	60	60	40	40
Shijiazhuang Renrui Human Resources Service Co., Ltd.	Human Resources Services	Shijiazhuang, China, limited liability company	RMB18,000,000	RMB18,000,000	100	100	–	–
Zhengzhou Renrui Human Resources Service Co., Ltd.	Human Resources Services	Zhengzhou, China, limited liability company	RMB20,000,000	RMB15,000,000	100	100	–	–
Liaoning RenRui Senpu Network Service Outsourcing Co., Ltd.	Human Resources Services	Yingkou, China, limited liability company	RMB10,000,000	RMB6,000,000	60	60	40	40
Xinjiang Renrui Xinjian Human Resources Service Co., Ltd.	Human Resources Services	Shihezi, China, limited liability company	RMB5,000,000	RMB3,000,000	60	60	40	40

12 SUBSIDIARIES (Continued)

Name of the subsidiaries	Principal activities	Place of incorporation and kind of legal entity	Registered capital	Paid-in capital	Ownership interest held by the Group (%)		Ownership interest held by non-controlling interests (%)	
					2024	2023	2024	2023
Changsha Renrui Human Resources Service Co., Ltd.	Human Resources Services	Changsha, China, limited liability company	RMB10,000,000	RMB10,000,000	100	100	–	–
Chongqing Renrui Renhui Human Resources Service Co., Ltd.	Human Resources Services	Chongqing, China, limited liability company	RMB10,000,000	RMB10,000,000	100	100	–	–
Shenzhen Southern District Renhui Human Resources Service Co., Ltd.	Human Resources Services	Shenzhen, China, limited liability company	RMB10,000,000	RMB10,000,000	100	100	–	–
Shandong Renrui Youming Service Outsourcing Co., Ltd.	Human Resources Services	Tai'an, China, limited liability company	RMB10,000,000	RMB8,000,000	80	60	20	40
Changzhou Ruihui Human Resource Service Co., Ltd.	Human Resources Services	Changzhou, China, limited liability company	RMB9,500,000	RMB9,500,000	100	100	–	–
Xi'an Renrui Network Technology Co., Ltd.	BPO Services	Xi'an, China, limited liability company	RMB10,000,000	–	100	100	–	–
Hainan Renrui Network Technology Co., Ltd.	Human Resources Services	Hainan, China, limited liability company	RMB10,000,000	RMB10,000,000	100	100	–	–
Panjin Renrui Service Outsourcing Co., Ltd.	BPO Services	Panjin, China, limited liability company	RMB10,000,000	RMB10,000,000	100	100	–	–
Haikou Tonghe Technology Co., Ltd.	Human Resources Services	Haikou, China, limited liability company	RMB1,000,000	RMB600,000	60	60	40	40
Lingshi Yuntian Information Technology (Changzhou) Co., Ltd. ("Lingshi Yuntian")	Human Resources Services	Changzhou, China, limited liability company	RMB10,000,000	RMB10,000,000	90	59	10	41
Shanghai Lingshi Human Resources Services Ltd. ("Shanghai Lingshi")	Human Resources Services	Shanghai, China, limited liability company	RMB11,000,000	RMB11,000,000	90	59	10	41
Guangzhou Tonghe Network Technology Co., Ltd.	Human Resources Services	Guangzhou, China, limited liability company	RMB10,000,000	RMB10,000,000	60	60	40	40
Yantai Renrui Service Outsourcing Co., Ltd.	BPO Services	Yangtai, China, limited liability company	RMB2,000,000	–	100	100	–	–
Shanghai Sirui information Technology Limited (Shanghai Sirui)(a) (Note 35)	Human Resources Service	Shanghai, China, limited liability company	RMB55,000,000	RMB55,000,000	46	46	54	54
Shanghai Hezhongmeng Technology Co., Ltd.	Human Resources Services	Shanghai, China,limited liability company	RMB20,000,000	RMB100,000	100	100	–	–
Suzhou Renrui Information Technology Co., Ltd.	Human Resources Services	Suzhou, China,limited liability company	RMB15,000,000	RMB10,000,000	100	100	–	–
Shanghai Ruiying Talent Technology Group Co., Ltd.	Human Resources Services	Shanghai, China,limited liability company	USD66,500,000	USD34,900,000	100	100	–	–
Tianjin Renrui Network Technology Co., Ltd.	Human Resources Services	Tianjin, China,limited liability company	RMB10,000,000	RMB10,000,000	100	100	–	–
Nanchang Renrui Human Resource Service Co., Ltd.	Human Resources Services	Nanchang, China,limited liability company	RMB10,000,000	RMB10,000,000	100	100	–	–
Zhejiang Renrui Insurance Technology Co., Ltd.	Insurance Services	Ningbo, China,limited liability company	RMB10,000,000	RMB1,490,000	51	51	49	49

12 SUBSIDIARIES (Continued)

(a) Summarised financial information on subsidiaries with non-controlling interests material to the Group

The non-controlling interests of the Group are as follows:

	As at 31 December	
	2024 **RMB'000**	2023 RMB'000
Non-controlling interests for		
Shanghai Sirui	**217,363**	202,535
Others	**4,170**	18,221
	221,533	220,756

Set out below are the summarised financial information for Shanghai Sirui that has non-controlling interests that is material to the Group, and the information below is the amount before inter-company elimination:

Summarised balance sheet

	Shanghai Sirui	
	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Current		
Assets	**615,622**	562,284
Liabilities	**(266,970)**	(256,021)
Total current net assets	**348,652**	306,263
Non-current		
Assets	**65,235**	79,575
Liabilities	**(11,363)**	(10,774)
Total non-current net assets	**53,872**	68,801
Net assets	**402,524**	375,064

12 SUBSIDIARIES (Continued)

Summarised statement of comprehensive income

	Shanghai Sirui	
	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Revenue	**944,265**	941,590
Profit before income tax	**17,010**	43,036
Income tax expense	**3,098**	1,940
Profit and comprehensive income for the period	**20,108**	44,976
Profit allocated to non-controlling interests	**10,858**	24,287

Summarised cash flow statement

	Shanghai Sirui	
	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Net cash (used in)/generated from operating activities	**(63,526)**	1,466
Net cash used in investing activities	**(1,359)**	(5,796)
Net cash generated from financing activities	**17,138**	19,730
Net (decrease)/increase in cash and cash equivalents	**(47,747)**	15,400
Cash and cash equivalents at beginning of the period	**87,587**	72,187
Cash and cash equivalents at end of the period	**39,840**	87,587

On 30 December 2024, the Group and Neusoft Group Co., Ltd. entered into an asset purchase agreement, pursuant to which the Group conditionally agreed to sell, and Neusoft Group Co., Ltd. conditionally agreed to buy, 46.0% of the equity interests in Shanghai Sirui held by the Group. On 10 March 2025, the Group and Neusoft Group Co., Ltd. entered into a supplemental agreement setting out the finalised consideration of RMB 320,698,200 and other terms and conditions supplementing the asset purchase agreement. Up to the date this consolidated financial statements were approved, the transaction has not been completed.

13 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

(a) Investments in joint ventures accounted for using the equity method

The movements in investments in joint ventures were as follows:

	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
As at 1 January	28,470	25,252
Share of results of joint ventures accounted for using the equity method	3,828	3,218
As at 31 December	32,298	28,470

Set out below are the joint ventures of the Group as at 31 December 2024 and are accounted for using the equity method, which are held directly by the Group. The country of incorporation or registration is also their principal place of business.

Company name	Place of business/ country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Carrying amount	
		2024 %	2023 %			2024 RMB'000	2023 RMB'000
Tianjin Binhai Xunteng Technology Group Limited ("Xunteng Group")	China	15	15	Joint venture (1)	Equity method	28,746	25,936
Shanghai Zhencheng Technology Company Limited ("Zhencheng")	China	45	45	Joint venture	Equity method	3,552	2,534
						32,298	28,470

(1) In October 2020, Renrui HR Group, a wholly-owned subsidiary of the Company, entered into an investment agreement with certain third parties, which previously owned 100% equity interest in Xunteng Group collectively. Renrui HR Group would contribute RMB20,000,000 cash into Xunteng Group, whereby Renrui HR Group obtained 15% equity interest in Xunteng Group. The acquisition was completed on 1 December 2020. According to the investment agreement, the Group has the veto power over the strategic financial and operating decisions relating to the activities of Xunteng Group and the Group accounted for the investment in Xunteng Group as a joint venture in this respect.

Based on the terms of the investment agreement, the Group was also entitled to a liquidation preference right, which was measured as derivative financial instruments separately. The Group engaged a third-party valuer to determine the fair value of the derivative financial instruments. As at 31 December 2024, the fair value of the liquidation preference rights was RMB2,305,000 (31 December 2023: RMB2,162,000).

(2) There are no commitments or contingent liabilities relating to the Group's interest in the joint ventures.

13 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(a) Investments in joint ventures accounted for using the equity method (Continued)

(3) Summarised financial information for Xunteng Group

The tables below provided summarised financial information for Xunteng Group which is material to the Group. The information disclosed reflected the amounts presented in the financial statements of the relevant joint venture and not the Group's share of those amounts. It had been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	Xunteng Group	
Summarised balance sheet	**2024 RMB'000**	2023 RMB'000
Total assets	**187,539**	158,966
Total liabilities	**(56,021)**	(46,183)
Net assets	**131,518**	112,783
Reconciliation to carrying amounts:		
Opening net assets 1 January	**112,783**	95,944
Profit for the period	**18,735**	16,839
Closing net assets	**131,518**	112,783
Group's share in %	**15%**	15%
Group's share in RMB	**19,728**	16,918
Goodwill	**9,018**	9,018
Carrying amount	**28,746**	25,936
Revenue	**74,424**	80,132
Net profit and total comprehensive income	**18,735**	16,839

13 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(a) Investments in joint ventures accounted for using the equity method (Continued)

(4) Individually immaterial joint venture

In addition to the interests in Xunteng Group disclosed above, the Group also has interests in an individually immaterial joint venture that was accounted for using the equity method.

	Zhencheng	
	2024 RMB'000	2023 RMB'000
Carrying amount of individually immaterial joint venture	**3,551**	2,534
Amount of the Group's share of gain and total comprehensive income	**1,017**	692

(b) Equity investment in joint venture as financial assets at fair value through profit or loss

In January 2022, the Group entered into an investment agreement to contribute RMB20,000,000 into Shanghai Kumao Robot Co., Ltd ("Shanghai Kumao"). Upon completion of the transaction in January 2022, the Group owned 10% equity interests in Shanghai Kumao. According to the investment agreement, the Group had the veto power over the strategic financial and operating decisions relating to the activities of Shanghai Kumao, and therefore the Group had joint control over Shanghai Kumao. The Group was also entitled to certain substantive preferential rights over Shanghai Kumao, including redemption right. The Group accounted for the investment in Shanghai Kumao as financial assets at fair value through profit or loss in this respect, and the fair value was approximately RMB10,000,000 (Note 3.3) as at 31 December 2024 (31 December 2023: RMB21,183,000).

In September 2021, the Group entered into an investment agreement to contribute RMB20,000,000 into Greedy Technology (Shenzhen) Co., Ltd ("Greedy Technology"). Upon completion of the transaction on 26 September 2021, the Group owned 20% equity interests in Greedy Technology. According to the investment agreement, the Group had the veto power over the strategic financial and operating decisions relating to the activities of Greedy Technology, and therefore the Group had joint control over Greedy Technology. The Group was also entitled to certain substantive preferential rights over Greedy Technology, including redemption right. The Group accounted for the investment in Greedy Technology as financial assets at fair value through profit or loss in this respect, and the fair value was approximately RMB1,000,000 (Note 3.3) as at 31 December 2024 (31 December 2023: RMB1,000,000).

13 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(c) Investments in associates accounted for using the equity method

The movements in investments in associates were as follows:

	Year ended 31 December 2024 RMB'000
As at 1 January	20,410
Share of results of associates accounted for using the equity method	(10,578)
As at 31 December	9,832

Set out below are the associates of the Group as at 31 December 2024 and are accounted for using the equity method, which are held directly by the Group. The country of incorporation or registration is also their principal place of business.

Company name	Place of business/ country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Carrying amount	
		2024 %	2023 %			2024 RMB'000	2023 RMB'000
Renrui New Career Technology Service (Shanghai) Co., Ltd (Renrui New Career)	China	49	49	Associate [(1)]	Equity method	5,448	5,044
Zhejiang Wanyoumali Network Technology Co., Ltd. (formerly known as Shanghai Wanmahui Network Technology Co., Ltd.)("Wanyoumali")	China	38	38	Associate [(1)]	Equity method	4,384	15,366
						9,832	20,410

(1) The commitment relating to the Group's interests in associates is presented in Note 33(c).

(2) Individually immaterial associates

the Group has interests in Renrui New Career and Wanyoumali that was accounted for using the equity method.

	2024 RMB'000	2023 RMB'000
Carrying amount of Renrui New Career and Wanyoumali	9,832	20,410
Amount of the Group's share of loss and total comprehensive loss	(10,578)	(5,480)

14 INCOME TAX EXPENSE

Cayman Islands

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.

Hong Kong

Hong Kong profits tax rate is 16.5%. 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 years ended 31 December 2024 and 2023.

PRC corporate income tax ("CIT")

CIT provision is made on the estimated assessable profits of entities within the Group incorporated in the PRC and is calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% during the years ended 31 December 2024 and 2023 except for those as discussed below:

According to the "Notice on the Tax Policies of Further Implementation of the Western Region Development Strategy" (Cai Shui [2011] No.58) (「關於深入實施西部大開發戰略有關稅收政策問題的通知」(財稅[2011]第58號)) issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs, companies set up in the western region and falling into certain encouraged industry catalogue promulgated by the PRC government will be entitled to a preferential tax rate of 15%. Certain subsidiaries within the Group were set up in the western development region and fell into the encouraged industry catalogue, and therefore they were entitled to the preferential tax rate of 15% as mentioned above.

Pursuant to the "Announcement on Implementing Preferential Income Tax Policies for Small Low-profit Enterprises and Individual Industrial and Commercial Households"「關於實施小微企業和個體工商戶所得稅優惠政策的公告」(財政部稅務總局公告[2021]第12號) jointly issued by the Ministry of Finance and the State Administration of Taxation on 2 April 2021, during the period from 1 January 2021 to 31 December 2022, the portion of annual taxable income amount of a small low-profit enterprise which does not exceed RMB1,000,000 shall be computed at a reduced rate of 12.5% as taxable income amount for CIT calculation purpose, and shall be subject to CIT at 20% tax rate; for the portion of the annual taxable income exceeding RMB 1,000,000 but not exceeding RMB 3,000,000, it was still in accordance with the "Notice on Implementation of Income Tax Relief Policy for Small Low-profit Enterprises (Cai Shui [2019] No.13)" (「關於實施小微企業普惠性稅收減免政策的通知」(財稅[2019]第13號)) jointly issued by the Ministry of Finance and the State Administration of Taxation, 50% of the taxable income shall be included in the calculation of corporate income tax, and the corporate income tax shall be paid at the rate of 20%. Certain subsidiaries of the Group established during the year ended 31 December 2024 comply with this policy and are entitled to the above-mentioned preferential tax rate of 20%.

14 INCOME TAX EXPENSE (Continued)

Withholding tax on undistributed dividends

According to CIT law, distribution of profits earned by PRC companies since February 2015 is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies. The Group had confirmed that retained earnings of the Group's PRC subsidiaries as at 31 December 2024 will not be distributed in the foreseeable future.

(a) Income tax expense

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Current income tax	**(13,248)**	(11,713)
Deferred income tax	**(5,500)**	4,920
	(18,748)	(6,793)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Profit before income tax expense	**(39,464)**	74,579
Tax calculated at PRC CIT rate of 25% income tax rate	**9,866**	(18,644)
Tax effects of:		
– Expenses not deductible for tax purposes	**(39,745)**	(4,756)
– Income not subject to tax	**1,792**	2,098
– Tax losses and temporary differences not recognised as deferred tax assets	**(4,367)**	(4,166)
– Recognition of tax losses for which no deferred income tax asset was previously recognised	**892**	3,117
– Recognise previously unrecognised deductible temporary differences	**97**	33
– Additional deduction of 100% of the wages paid to disabled employees	**1,900**	1,317
– Research and development tax credit	**9,036**	8,605
– Cayman Islands incorporated company's losses not subject to income tax	**(2,006)**	(2,270)
– Tax exemption and preferential income tax rates applicable to subsidiaries	**3,787**	7,873
	(18,748)	(6,793)

15 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding shares held for share-based payment scheme.

	Year ended 31 December	
	2024	2023
(Loss)/profit attributable to the equity holders of the Company (RMB'000)	**(70,970)**	41,045
Weighted average number of ordinary shares in issue (thousands)	**150,528**	152,922
Basic (loss)/earnings per share attributable to the equity holders of the Company (RMB per share)	**(0.47)**	0.27

(b) Diluted (loss)/earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic 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.

As the Group incurred losses for the year ended 31 December 2024, 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 year ended 31 December 2024 was the same as basic loss per share.

For the year ended 31 December 2023, 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 certain share option schemes were not included in the calculation of diluted earnings per share because they were anti-dilutive for the year ended 31 December 2023, as the average market price of the ordinary share during the year 2023 was lower than the exercise prices of these schemes. These share options could potentially dilute basic earnings per share in the future.

15 (LOSS)/EARNINGS PER SHARE (Continued)

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

The diluted earnings per share for the year ended 31 December 2023 was as following:

	Year ended 31 December
	2023
Profit attributable to the equity holders of the Company (RMB'000)	41,045
Weighted average number of ordinary shares in issue (thousands)	152,922
Adjustments for calculation of diluted earnings per share (thousands):	
– Share options	3,326
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share (thousands)	156,248
Diluted earnings per share attributable to the equity holders of the Company (RMB per share)	0.26

16 SHARE-BASED PAYMENTS

The total share-based compensation expenses recognised in the consolidated income statement were approximately RMB11,304,000 and RMB7,652,000 for the years ended 31 December 2024 and 2023, respectively. The following table set forth a breakdown of the share-based compensation expenses:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Pre-IPO share option schemes of the Company (a)	—	—
Post-IPO share option scheme of the Company (b)	4,296	7,632
Post-IPO share award scheme of the Company (c)	(344)	20
Restricted share scheme in relation to Shanghai Sirui (d)	7,352	—
	11,304	7,652

16 SHARE-BASED PAYMENTS (Continued)

(a) Pre-IPO share option schemes of the Company

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.

Movements in the number of pre-IPO share options granted and their related weighted average exercise prices were as follows:

	Number of share options	Weighted average exercise price per share option (USD)
Outstanding as of 1 January 2023	17,674,100	0.65
Exercised during the year	—	—
Lapsed/forfeited during the year	—	—
Outstanding as of 31 December 2023	17,674,100	0.65
Exercised during the year	—	—
Lapsed/forfeited during the year	—	—
Outstanding as of 31 December 2024	**17,674,100**	**0.65**

16 SHARE-BASED PAYMENTS (Continued)

(b) Post-IPO share option scheme of the Company

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 ("2019 share option scheme"). 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 2019 share option scheme. The share options have a vesting period of 18 months, and will vest upon the fulfilment of certain non - market performance conditions.

On 22 January 2021, the Group 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 2019 share option scheme. 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.

On 16 July 2021, the Group granted share options to fourty-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 nonexecutive directors and one hundred ninety-nine employees) which entitled the grantees to subscribe for a maximum of 11,350,000 shares under the 2019 share option scheme. 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.

On 2 May 2023, the Company granted share options to one hundred and sixty-two eligible grantees (two executive directors and one hundred sixty employees) which entitled the grantees to subscribe for a maximum of 6,993,000 shares under the 2019 share option scheme. 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.

16 SHARE-BASED PAYMENTS (Continued)

(b) Post-IPO share option scheme of the Company (Continued)

On 28 March 2024, the Company granted share options to twenty-four eligible grantees (two executive directors and twenty-two employees) which entitled the grantees to subscribe for a maximum of 3,750,000 shares under the 2019 share option scheme. 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 HKD3.79 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 RMB5,108,000. Significant assumptions of share options granted on 28 March 2024 were set as below:

	Share options granted under the Post-IPO Share Option Scheme in March 2024
Risk-free interest rates	3.76%
Expected volatility	40.00%
Ordinary share price on grant date (HKD)	3.77
Exercise price (HKD)	3.79
Dividend yield	1.50%

Pursuant to an ordinary resolution passed by the Shareholders at the extraordinary general meeting of the Company held on 9 December 2024, the 2019 Share Option Scheme was terminated on 9 December 2024. Subjected to the termination, and in such event, no further share options may be granted but in all other respects the terms of the 2019 Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto. All outstanding share options granted prior to such termination and not then exercised shall continue to be in full force and effect in accordance with the 2019 Share Option Scheme.

16 SHARE-BASED PAYMENTS (Continued)

(b) Post-IPO share option scheme of the Company (Continued)

Movements in the number of the 2019 share option scheme granted and their related weighted average exercise prices were as follows:

	Number of share options	Weighted average exercise price per share option (HKD)
Outstanding as of 1 January 2023	6,765,400	8.62
Granted during the year	6,993,000	4.28
Lapsed/forfeited during the year	(1,128,800)	6.31
Outstanding as of 31 December 2023	**12,629,600**	**6.42**
Granted during the year	**3,750,000**	**3.79**
Lapsed/forfeited during the year	**(3,865,400)**	**4.52**
Outstanding as of 31 December 2024	**12,514,200**	**6.22**

(c) Post-IPO share award scheme of the Company

On 22 January 2021, the Group granted 2,300,000 award shares to 29 eligible employees, none of who is connected person, under the post-IPO share award scheme adopted on 26 November 2019 and amended on 26 June 2020 ("2019 Share Award Scheme"). These award shares will vest in tranches on the condition that the grantees remain in service without any performance requirements. Upon vesting of 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, netting of the benchmarked price of HKD25.00 per share as stipulated in the agreements with the grantees.

Movements in the number of award shares granted and their related weighted average benchmark prices were as follows:

	Number of award shares	Benchmark price per award share (HKD)
Outstanding as of 1 January 2024	**1,691,000**	**25.00**
Granted during the year	**—**	**25.00**
Lapsed/forfeited during the year	**(21,000)**	**25.00**
Outstanding as of 31 December 2024	**1,670,000**	**25.00**

16 SHARE-BASED PAYMENTS (Continued)

(c) Post-IPO share award scheme of the Company (Continued)

The fair value of the award shares was determined using the Binomial option-pricing model as at 31 December 2024. Significant assumptions were set as below:

	Share options granted under the Post-IPO Share Award Scheme	
	as at 31 December 2024	as at 31 December 2023
Risk-free interest rates	**3.57%**	2.95%
Expected volatility	**40.00%**	40.00%
Ordinary share price on 31 December (HKD)	**4.01**	5.20
Exercise price (HKD)	**25.00**	25.00
Dividend yield	**1.50%**	1.50%

Pursuant to an ordinary resolution passed by the Shareholders at the extraordinary general meeting of the Company held on 9 December 2024, the 2019 share award scheme was terminated on 9 December 2024. Subjected to the termination, and in such event, no further share award may be granted but in all other respects the terms of the 2019 share award scheme shall remain in full force and effect to the extent necessary to give effect to the vesting of any share awards granted thereunder. All outstanding share award granted and subsisting prior to such termination shall continue to be in full force and effect in accordance with the 2019 share award scheme.

(d) Restricted share scheme in relation to Shanghai Sirui

Up to 31 December 2024, certain employees of Shanghai Sirui subscribed equity interests in Tianjin Ruiyi Enterprise Management Consulting Center (Limited Partnership) ("Tianjin Ruiyi"), the non-controlling interests of Shanghai Sirui, at respective prices below fair value, subject to certain service period condition agreed with Tianjin Ruiyi, which is treated as restricted share scheme. The fair value of the restricted share scheme are measured based on the fair value of Shanghai Sirui on the respective grant dates. The Group recognises an expense in relation to the restricted share scheme during the expected service period.

17 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets property RMB'000	Computer equipment RMB'000	Electrical appliances RMB'000	Furniture RMB'000	Vehicle RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2023							
Cost	68,548	26,309	1,735	7,190	519	30,649	134,950
Accumulated depreciation	(30,268)	(17,482)	(1,184)	(3,086)	(27)	(17,787)	(69,834)
Net book amount	38,280	8,827	551	4,104	492	12,862	65,116
Year ended 31 December 2023							
Opening net book amount	38,280	8,827	551	4,104	492	12,862	65,116
Additions	2,032	476	14	52	—	388	2,962
Lease change	(661)	—	—	—	—	—	(661)
Disposals	(469)	(220)	(1)	(123)	—	(36)	(849)
Depreciation charge (Note 6)	(21,913)	(5,376)	(434)	(1,336)	(108)	(5,527)	(34,694)
Closing net book amount	17,269	3,707	130	2,697	384	7,687	31,874
At 31 December 2023							
Cost	66,544	22,823	1,457	6,988	519	24,643	122,974
Accumulated depreciation	(49,275)	(19,116)	(1,327)	(4,291)	(135)	(16,956)	(91,100)
Net book amount	17,269	3,707	130	2,697	384	7,687	31,874
Year ended 31 December 2024							
Opening net book amount	**17,269**	**3,707**	**130**	**2,697**	**384**	**7,687**	**31,874**
Additions	**45,563**	**2,781**	**21**	**84**	**—**	**5,730**	**54,179**
Lease change	**(495)**	**—**	**—**	**—**	**—**	**—**	**(495)**
Disposals	**(4,563)**	**(90)**	**(3)**	**(214)**	**—**	**—**	**(4,870)**
Depreciation charge (Note 6)	**(21,770)**	**(3,608)**	**(89)**	**(1,218)**	**(108)**	**(7,609)**	**(34,402)**
Closing net book amount	**36,004**	**2,790**	**59**	**1,349**	**276**	**5,808**	**46,286**
At 31 December 2024							
Cost	**54,735**	**24,659**	**1,399**	**6,135**	**569**	**22,100**	**109,597**
Accumulated depreciation	**(18,731)**	**(21,869)**	**(1,340)**	**(4,786)**	**(293)**	**(16,292)**	**(63,311)**
Net book amount	**36,004**	**2,790**	**59**	**1,349**	**276**	**5,808**	**46,286**

(i) Non-current assets pledged as security

As at 31 December 2024 and 2023, no property, plant or equipment was pledged as security for the Group's borrowings.

(ii) Depreciation expenses were charged to the consolidated income statement as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Cost of revenue	**22,771**	22,991
Administrative expenses	**8,207**	7,937
Selling and marketing expenses	**2,648**	2,883
Research and development expenses	**776**	883
	34,402	34,694

18 INTANGIBLE ASSETS

	Software RMB'000	Goodwill RMB'000	Customer relationships RMB'000	Total RMB'000
At 1 January 2023				
Cost	9,403	324,234	116,899	450,536
Accumulated amortisation and impairment	(3,288)	(16,372)	(10,889)	(30,549)
Net book amount	6,115	307,862	106,010	419,987
Year ended 31 December 2023				
Opening net book amount	6,115	307,862	106,010	419,987
Additions	5,656	—	—	5,656
Amortisation charge (Note 6)	(1,228)	—	(23,380)	(24,608)
Disposal	(279)	—	—	(279)
Closing net book amount	10,264	307,862	82,630	400,756
At 31 December 2023				
Cost	14,780	324,234	116,899	455,913
Accumulated amortisation and impairment	(4,516)	(16,372)	(34,269)	(55,157)
Net book amount	10,264	307,862	82,630	400,756
Year ended 31 December 2024				
Opening net book amount	**10,264**	**307,862**	**82,630**	**400,756**
Additions	**514**	**—**	**—**	**514**
Amortisation charge (Note 6)	**(1,824)**	**—**	**(23,380)**	**(25,204)**
Impairment charge	**—**	**(130,945)**	**—**	**(130,945)**
Closing net book amount	**8,954**	**176,917**	**59,250**	**245,121**
At 31 December 2024				
Cost	**14,994**	**324,234**	**116,899**	**456,127**
Accumulated amortisation and impairment	**(6,040)**	**(147,317)**	**(57,649)**	**(211,006)**
Net book amount	**8,954**	**176,917**	**59,250**	**245,121**

18 INTANGIBLE ASSETS (Continued)

(i) Customer relationships

Customer relationships were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the directors' best estimate of the expected contract period for comprehensive flexible staffing services with customers. The useful life of 5 years for customer relationships is determined based on the historical renewal pattern and the industry practice.

The management performed an impairment assessment on customer relationships as at 31 December 2024. According to the management's estimation of the recoverable amounts of customers relationships with the assistance of an independent valuer, adopting the consistent key assumptions used in goodwill impairment tests described as below, the directors of the Company determined that no impairment loss on customer relationships for the year end 31 December 2024 (2023: nil).

(ii) Goodwill

As at 31 December 2024, the net carrying amount of goodwill amounted to RMB 176,917,000 (31 December 2023: RMB307,862,000) has been allocated to the subsidiaries acquired as a whole for impairment testing as follow:

	As at 31 December	
	2024 **RMB'000**	2023 RMB'000
Lingshi Yuntian and Shanghai Lingshi(b)	**42,301**	42,301
Shanghai Sirui(a)	**134,616**	265,561

The management performed an impairment assessment on the goodwill as at balance sheet date. The recoverable amounts of these subsidiaries are determined based on value-in-use calculations.

The management conducted a comprehensive review of the operation of the cash-generating unit ("CGU"), adjusted the profit forecast and recalculated the recoverable amount of the CGU as at 31 December 2024. The following table set out the key assumptions for those CGUs that have significant goodwill allocated to them as at 31 December 2024:

	Annual revenue growth rate for the 5-year period (%)	Gross profit rate (%)	Terminal revenue growth rate (%)	Pre-tax discount rate (%)
Lingshi Yuntian and Shanghai Lingshi	0%-9%	16%-17%	2%	22%
Shanghai Sirui	9%-16%	14%	2%	16%

18 INTANGIBLE ASSETS (Continued)

(ii) Goodwill (Continued)

The following table set out the key assumptions for those CGUs that have significant goodwill allocated to them as at 31 December 2023:

	Annual revenue growth rate for the 5-year period (%)	Gross profit rate (%)	Terminal revenue growth rate (%)	Pre-tax discount rate (%)
Lingshi Yuntian and Shanghai Lingshi (b)	10%-19%	14%	2%	22%
Shanghai Sirui (a)	9%-19%	15%	2%	17%

(a) Sirui

According to the management's estimation of the recoverable amount of Shanghai Sirui 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, the Group recognised an impairment loss of RMB130,945,000 on goodwill allocated to Shanghai Sirui CGU for the year ended 31 December 2024 (2023: nil), taking into account Shanghai Sirui's financial performance in 2024 and future market outlook. It resulted in a reduction in the carrying amount of the goodwill allocated to Shanghai Sirui CGU from RMB265,561,000 to RMB134,616,000 as at 31 December 2024.

(b) Lingshi

According to management's estimation of the recoverable amount of Lingshi Yuntian and Shanghai Lingshi CGU with the assistance of an independent valuer, the directors of the Company determined that no impairment loss on goodwill allocated to Lingshi Yuntian and Shanghai Lingshi CGU for the year ended 31 December 2024 (2023: nil).

The recoverable amount of Lingshi Yuntian and Shanghai Lingshi CGU is estimated to exceed the carrying amount of the CGU at 31 December 2024 by RMB8,368,000. Management has undertaken sensitivity analysis on the impairment tests of goodwill allocated to Lingshi Yuntian and Shanghai Lingshi CGU. If the estimated gross profit rate used in the value in use calculation for Lingshi Yuntian and Shanghai Lingshi CGU has been 2% lower than management's estimates at 31 December 2024 (14%-15% instead of 16%-17%), the Group would have had to recognise an impairment loss against goodwill of RMB5,400,000 approximately.

19 FINANCIAL INSTRUMENTS BY CATEGORY

The Group held the following financial instruments:

Financial assets

	Note	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Financial assets at amortised cost			
Trade receivables, contract assets and notes receivables	22	1,730,939	1,301,905
Deposits and other receivables	21	23,791	65,730
Other non-current assets (i)		41,424	8,309
Restricted cash	23	25,382	6,656
Cash and cash equivalents	23	397,698	284,877
Financial assets at fair value through other comprehensive income			
Notes receivables (iii)		17,367	3,650
Financial assets at fair value through profit or loss			
Wealth management products purchased from banks (ii)		27,086	57,563
Investment in joint ventures at fair value through profit or loss (iv)		11,000	22,183
Derivative financial instruments	3.3	2,305	2,162
		2,276,992	1,753,035

Financial liabilities

	Note	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Financial liabilities at amortised cost			
Trade and other payables (excluding accrued payroll and welfare and VAT and surcharges)	27	60,773	44,074
Borrowings	26	455,616	184,472
Redemption liabilities to non-controlling interests(v)		6,746	—
Lease liabilities	28	34,551	18,974
		557,686	247,520

19 FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Financial liabilities (Continued)

(i) As at 31 December 2024, other non-current assets mainly included borrowings granted to employees under the employee housing borrowing plan, which were repayable after one year pursuant to the loan agreements between the Group and the employess, of approximately RMB30,820,000 (31 December 2023: RMB1,490,000) and deposits paid for lease contracts of approximately RMB10,427,000 (31 December 2023: RMB 4,866,000) that would be repaid at the end of the relevant leasing periods.

The borrowings granted to employees under the employee housing borrowing plan, together with the current portion recorded in other receivables (Note 21), borne interest rate of 2.0% to 3.5% annually.

(ii) As at 31 December 2024, the Group held certain wealth management products purchased from banks of approximately RMB 27,086,000 (31 December 2023: RMB 57,563,000), which will be due or sold within one year.

(iii) As at 31 December 2024, the Group held total notes receivables from bank of approximately RMB21,854,000, which will be due within one year, of which RMB17,374,000 are measured at FVOCI (31 December 2023: RMB3,650,000), as the notes receivables are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principle and interest.

(iv) As at 31 December 2024 and 2023, the Group held certain investment in ordinary shares with preferential rights issued by two investee companies. The Group maintained joint control in the companies (Note 13).

During the year, the following (losses)/gains were recognised in profit or loss and other comprehensive income:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Fair value losses on financial assets and financial liabilities at FVPL recognised in profit or loss in other gains		
Fair value losses from equity investments at FVPL recognised in other gains (Note 10)	**(11,183)**	(12,117)
Fair value (losses)/gains on wealth management products purchased from banks at FVPL recognised in other gains (Note 10)	**(516)**	1,392
Fair value gains on derivative financial instruments (Note 10)	**143**	1,169
Fair value gains on contingent consideration receivable at FVPL (Note 10)	**—**	574
	(11,556)	(8,982)

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

(v) In 2024, the Group entered into an equity interests transfer agreement with the non-controlling interests of the non-wholly owned subsidiary, Haikou Tonghe Technology Co., Ltd. ("Haikou Tonghe"), pursuant to which, the Group issued a put option to the non-controlling interests which grants its right to sell the 40% equity interest in Haikou Tonghe to the Group. The put option written to the non-controlling interests of Haikou Tonghe was then regarded as redemption liability determined as the present value of estimated future cash outflows assuming the exercise of the put option by the non-controlling interests, with corresponding charges in equity.

20 DEFERRED INCOME TAXES

(a) Deferred tax assets

The balance comprises temporary differences attributable to:	As at 31 December 2024 RMB'000	2023 RMB'000
Tax losses	**1,694**	12,585
Loss allowances for financial assets	**5,775**	3,385
Lease liabilities	**6,951**	3,125
Unrealised profit	**384**	876
	14,804	19,971
Set-off of deferred tax liabilities	**(6,899)**	(2,856)
Total deferred tax assets	**7,905**	17,115

The movement in deferred income tax assets during each of the years, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Movements	Tax losses RMB'000	Loss allowances for financial assets RMB'000	Lease liabilities RMB'000	Accrued expenses RMB'000	Unrealised profit RMB'000	Total RMB'000
At 1 January 2023	10,172	2,612	2,017	1	1,413	16,215
(Charged)/credited to the consolidated income statement	2,413	773	1,108	(1)	(537)	3,756
At 31 December 2023	12,585	3,385	3,125	—	876	19,971
At 1 January 2024	**12,585**	**3,385**	**3,125**	**—**	**876**	**19,971**
(Charged)/credited to the consolidated income statement	**(10,891)**	**2,390**	**3,826**	**—**	**(492)**	**(5,167)**
At 31 December 2024	**1,694**	**5,775**	**6,951**	**—**	**384**	**14,804**

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profit is probable. The Group did not recognise deferred income tax asset in respect of cumulative tax loss of approximately RMB33,460,000 (2023: RMB19,687,000) that can be carried forward to offset against future taxable income, because it was uncertain whether there would be sufficient profit to offset in the near future. The outcome of their actual utilisation may be different from management's estimation.

20 DEFERRED INCOME TAXES (Continued)

(b) Deferred tax liabilities

The balance comprises temporary differences attributable to:	As at 31 December 2024 RMB'000	2023 RMB'000
Right-of-use assets	**(7,303)**	(2,903)
Customer relationships arising from business combinations	**(9,923)**	(13,990)
	(17,226)	(16,893)
Set-off of deferred tax assets	**6,899**	2,856
Total deferred tax liabilities	**(10,327)**	(14,037)

The movement in deferred income tax liabilities during each of the years, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Movements	Intangible assets arising from business combinations RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2023	(18,057)	—	(18,057)
(Charged)/credited to the consolidated income statement	4,067	(2,903)	1,164
At 31 December 2023	(13,990)	(2,903)	(16,893)
At 1 January 2024	**(13,990)**	**(2,903)**	**(16,893)**
(Charged)/credited to the consolidated income statement	**4,067**	**(4,400)**	**(333)**
At 31 December 2024	**(9,923)**	**(7,303)**	**(17,226)**

21 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December 2024 RMB'000	2023 RMB'000
Prepayments	**16,757**	15,657
Deposits	**12,257**	15,353
Input VAT deductible	**2,492**	5,320
Other receivables (i)	**12,297**	51,245
Less: provision for impairment	**(763)**	(868)
	43,040	86,707

(i) As at 31 December 2024, other receivables balances mainly included borrowings granted to employees under the employee housing borrowing plan, which were repayable within one year, of approximately RMB4,044,000(31 December 2023:RMB 45,980,000).

As at 31 December 2024 and 2023, 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.

At 31 December 2024 and 2023, the carrying amounts of deposits and other receivables were primarily denominated in RMB.

22 TRADE RECEIVABLES, CONTRACT ASSETS AND NOTES RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade receivables and contract assets	**1,751,648**	1,305,892
Less: provision for impairment losses on trade receivables and contract assets	**(25,170)**	(13,851)
Trade receivables and contract assets - net	**1,726,478**	1,292,041
Notes receivables at amortised cost	**4,480**	9,895
Less: provision for impairment losses on notes receivables	**(19)**	(31)
Notes receivables at amortised cost- net	**4,461**	9,864
	1,730,939	1,301,905

The directors of the Company considered that the carrying amounts of the trade receivabels, contract assets and notes receivables balances approximated their fair values as at 31 December 2024 and 2023.

Trade receivables, contract assets and note receivables with a total gross carrying amount of RMB98,144,000 as at 31 December 2024 were pledged for the Groups bank borrowings (Note 23).

The Group generally allows a credit period of 10 to 180 days to its customers. Ageing analysis of trade receivables and contract assets based on recognition date before provision for impairment was as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade receivables and contract assets		
– Within 3 months	**1,175,619**	1,025,374
– 4 months to 6 months	**398,641**	202,441
– 7 months to 9 months	**78,821**	39,420
– 10 months to 12 months	**30,828**	14,745
– Over 12 months	**67,739**	23,912
	1,751,648	1,305,892

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 and contract assets (Note 3.1).

23 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	As at 31 December	
	2024 **RMB'000**	2023 RMB'000
Cash on hand	**21**	21
Cash at banks	**423,059**	291,512
Less: restricted cash - current (i)	**(19,382)**	(356)
restricted cash - non-current (i)	**(6,000)**	(6,300)
Cash and cash equivalents	**397,698**	284,877

(i) As at 31 December 2024, restricted cash mainly represented deposits held at banks in relation to bank borrowings and provision of bank guarantee for the application of certain operational qualification certificates.

Cash and cash equivalents were denominated in the following currencies:

	As at 31 December	
	2024 **RMB'000**	2023 RMB'000
RMB	**350,987**	263,370
USD	**45,189**	18,553
HKD	**569**	1,881
EUR	**682**	836
MYR	**190**	—
IDR	**71**	—
JYP	**10**	—
GBP	**—**	237
	397,698	284,877

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

Authorised:	Number of ordinary shares	Nominal value of ordinary shares USD
At 31 December 2023	2,000,000,000	100,000
At 31 December 2024	**2,000,000,000**	**100,000**

Issued:	Number of ordinary shares	Nominal value of ordinary shares USD	Nominal value of ordinary shares RMB'000	Share premium RMB'000	Shares held for share-based payment scheme RMB'000	Number of preferred shares	Nominal value of preferred shares USD
At 1 January 2023	156,699,879	7,836	53	2,167,837	(87,887)	—	—
Acquisitions of shares held for share-based payment scheme	—	—	—	—	(6,426)	—	—
At 31 December 2023	156,699,879	7,836	53	2,167,837	(94,313)	—	—
At 1 January 2024	**156,699,879**	**7,836**	**53**	**2,167,837**	**(94,313)**	**—**	**—**
Acquisitions of shares held for share-based payment scheme	**—**	**—**	**—**	**—**	**(7,262)**	**—**	**—**
Dividends declared	**—**	**—**	**—**	**(12,393)**	**—**	**—**	**—**
At 31 December 2024	**156,699,879**	**7,836**	**53**	**2,155,444**	**(101,575)**	**—**	**—**

(i) Shares held for share-based payment scheme represented shares of the Company that were held by the trustee, which was consolidated in accordance with the principles in Note 2.1(ii), for the purpose of granting award shares under the post-IPO share award scheme.

During the year ended 31 December 2024, the trustee acquired 1,565,200 shares from the market at a total consideration of approximately HKD7,977,000 (equivalent to approximately RMB 7,262,000). As of 31 December 2024, total number of shares held by the trustee for share-based payment scheme was 6,696,300 shares (31 December 2023: 5,131,100 shares).

25 OTHER RESERVES

Other reserves of the Group	Share-based compensation reserve RMB'000	Currency translation differences RMB'000	Capital reserve RMB'000	Total RMB'000
At 1 January 2023	20,627	(59,190)	—	(38,563)
Currency translation differences	—	2,639	—	2,639
Share-based compensation (Note 7)	7,652	—	—	7,652
Transactions with non-controlling interests (Note 34)	—	—	(7,230)	(7,230)
At 31 December 2023	28,279	(56,551)	(7,230)	(35,502)
At 1 January 2024	**28,279**	**(56,551)**	**(7,230)**	**(35,502)**
Currency translation differences	**—**	**501**	**—**	**501**
Share-based compensation (Note 7)	**7,334**	**—**	**—**	**7,334**
Put option written on non-controlling interests	**—**	**—**	**(6,554)**	**(6,554)**
Transactions with non-controlling interests (Note 34)	**—**	**—**	**2,923**	**2,923**
At 31 December 2024	**35,613**	**(56,050)**	**(10,861)**	**(31,298)**

26 BORROWINGS

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Bank borrowings	**455,616**	184,472

As at 31 December 2024, among the balance of notes receivables at amortised cost (Note 22), the Group discounted notes receivables of RMB17,395 to certain banks for the borrowings of RMB17,307, which did not meet the conditions of derecognition of financial assets (31 December 2023: RMB7,259,000 to certain banks for the borrowings of RMB7,238,000), and the remaining balance of bank borrowings comprised secured bank borrowings of approximately RMB 45,000,000 by bank deposits (note 23) and/or receivables (note 22) and unsecured bank borrowings of approximately RMB 410,599,000 (31 December 2023: the remaining balance was unsecured).

As at 31 December 2024, the balance of bank borrowings were matured within one year with annual interest rates of 2.48% to 3.83% (As at 31 December 2023: matured within one year with annual interest rates of 1.46% to 4.22%).

As at 31 December 2024 and 2023, the carrying amounts of borrowings were denominated in RMB.

27 TRADE AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade payables due to third parties	**24,465**	19,971
Trade payables due to a joint venture (Note 32(d))	**9**	884
Trade payables due to an associate (Note 32(d))	**487**	—
Accrued payroll and welfare	**531,101**	418,096
VAT and surcharges	**109,260**	78,869
Risk deposit due to customers	**11,246**	9,132
Others	**24,566**	14,087
	701,134	541,039

As at 31 December 2024 and 2023, 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 and VAT and surcharges, which were not financial liabilities, approximated their carrying amounts due to short maturities.

As at 31 December 2024 and 2023, the ageing analysis of the trade payables based on invoice date was as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade payables		
– Within 6 months	**24,961**	20,855
	24,961	20,855

28 LEASE LIABILITIES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Minimum lease payments due:		
Within 1 year	**15,535**	14,971
Between 1 and 2 years	**13,578**	2,719
Between 2 and 5 years	**5,819**	2,086
Later than 5 years	**1,540**	—
	36,472	19,776
Less: future finance charges	**(1,921)**	(802)
	34,551	18,974
Present value of lease liabilities		
Within 1 year	**14,537**	14,397
Between 1 and 2 years	**13,088**	2,546
Between 2 and 5 years	**5,624**	2,031
Later than 5 years	**1,302**	—
	34,551	18,974

As at 31 December 2024 and 2023, the fair value of lease liabilities approximated their carrying amounts.

The consolidated income statement shows the following amounts relating to leases:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Depreciation charge of right-of-use assets(Note 17)	**21,770**	21,913
Interest expense (Note 11)	**1,299**	1,729
Expense relating to short-term leases (Note 6)	**11,941**	11,168

29 DIVIDENDS

The directors of the Company did not recommend the payment of a final dividend for the year ended 31 December 2024.

The final dividend for the year ended 31 December 2023 amounted to HKD14,103,000 (equivalent to approximately RMB12,881,000), representing HK$0.09 per ordinary share of the Company, was distributed from the share premium account and was paid in July 2024.

30 CASH GENERATED FROM OPERATIONS

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Profit before income tax	**(39,464)**	74,579
Adjustments for:		
– Depreciation of property, plant and equipment (Note 17)	**34,402**	34,694
– Amortisation of intangible assets (Note 18)	**25,204**	24,608
– Net losses on disposal of property, plant and equipment (Note 10)	**106**	117
– Net losses on disposal of intangible assets (Note 10)	**—**	279
– Share-based payments (Note 7)	**11,304**	7,652
– Provision for net impairment losses on financial assets (Note 3.1(b))	**12,177**	5,419
– Share of results of joint ventures accounted for using the equity method	**(3,828)**	(3,218)
– Share of results of associates accounted for using the equity method	**10,578**	5,480
– Interest income (Note 11)	**(4,533)**	(3,640)
– Interest expenses (Note 11)	**13,977**	9,592
– Exchange (gains)/losses - net	**(205)**	2,185
– Net losses on financial assets at FVPL (Note 10)	**11,699**	10,151
– Interest from financial assets at FVPL	**(2,253)**	(2,817)
– Net fair value gains on derivative financial instruments (Note 10)	**(143)**	(1,169)
– Impairment of goodwill	**130,945**	—
– Gains on early termination of lease contracts	**(777)**	(13)
Operating profit before working capital changes	**199,189**	163,899
Change in working capital:		
– Trade receivables, contract assets and notes receivables	**(447,889)**	(351,472)
– Prepayments, deposits and other receivables and other non-current assets	**10,055**	8,887
– Restricted cash	**(829)**	202
– Trade and other payables	**159,606**	43,678
– Notes receivables in FVOCI	**(13,721)**	1,728
– Contract fullfilment cost	**5,354**	(10,873)
– Contract liabilities	**(3,647)**	2,345
Cash generated from operations	**(91,882)**	(141,606)

31 RECONCILIATION FROM OPENING TO CLOSING BALANCES OF LIABILITIES GENERATED FROM FINANCING ACTIVITIES

This section sets out an analysis of net debt and the movements in net debt for the years ended 31 December 2024 and 2023:

	Liabilities from financing activities		
	Bank borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
Liabilities from financing activities as at 1 January 2023	95,164	42,553	137,717
Cash flows	81,445	(26,197)	55,248
Other changes (i)	7,863	2,618	10,481
Liabilities from financing activities as at 31 December 2023	184,472	18,974	203,446
Liabilities from financing activities as at 1 January 2024	**184,472**	**18,974**	**203,446**
Cash flows	**265,879**	**(25,243)**	**240,636**
Other changes (i)	**5,265**	**40,820**	**46,085**
Liabilities from financing activities as at 31 December 2024	**455,616**	**34,551**	**490,167**

(i) Other changes included mainly non-cash movements including addition of lease liabilities, decrease of lease liabilities and accrual of interest expenses.

32 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:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Basic salaries, housing allowances, share options, other allowances and benefits in kind	**4,573**	6,236
Contribution to pension scheme	**40**	43
Discretionary bonuses	**1,354**	1,345
Termination benefits	**207**	—
	6,174	7,624

32 RELATED PARTY TRANSACTIONS (Continued)

(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 related parties

The following transactions occurred with related parties:

	Year ended 31 December	
	2024 **RMB'000**	2023 RMB'000
Purchase of subcontracting services from a joint venture Xunteng Group	**9**	1,719
Purchase of subcontracting services from an associate Wanyoumali	**4,430**	—
Provide consulting services to an associate Wanyoumali	**11,009**	4,247

(d) Balances with related parties

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

	Year ended 31 December	
	2024 **RMB'000**	2023 RMB'000
Trade payables to a joint venture Xunteng Group	**9**	884
Trade payables to an associate Wanyoumali	**487**	—
Trade receivables from an associate Wanyoumali	**853**	1,779

33 COMMITMENTS

(a) Non-cancellable operating leases

The Group leased IT-equipment and other small items of office furniture during the years. 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 31 December	
	2024 RMB'000	2023 RMB'000
Purchase of property, plant and equipment	**92**	305

34 CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

In November 2024, the Group acquired an additional 31% and 31% equity interest of its subsidiaries Lingshi Yuntian and Shanghai Lingshi respectively from non-controlling interests at a total cash consideration of RMB 9,000,000. The amount of RMB2,923,000, the difference between the consideration and the carrying amount of the non-controlling interests of RMB11,923,000 was recognised in equity attributable to equity holders of the Company.

The following table summarizes the carrying amount of non-controlling interests acquired, considerations paid to non-controlling interests, and the difference between consideration paid and the carrying amounts of the non-controlling interests recognised in equity.

	Year ended 31 December 2024 RMB'000
Consideration paid	**(9,000)**
Carrying amount of non-controlling interests acquired	**11,923**
Less than the carrying amount of the non-controlling interests recognised within equity	**2,923**

35 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Save as disclosed in this consolidated financial statements, there was no significant event of the Group occurred after the balance sheet date.

36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Interests in subsidiaries		**122,287**	116,554
Amount due from a subsidiaries		**849,094**	836,066
Total non-current assets		**971,381**	952,620
Current assets			
Financial assets at fair value through profit or loss		**27,086**	57,563
Prepayments, deposits and other receivables		**836**	634
Cash and cash equivalents		**41,861**	32,076
Total current assets		**69,783**	90,273
Total assets		**1,041,164**	1,042,893
EQUITY			
Share capital	24	**53**	53
Share premium	24	**2,152,927**	2,165,808
Other reserves	36(a)	**21,325**	2,030
Accumulated losses		**(1,138,220)**	(1,129,680)
Total equity		**1,036,085**	1,038,211
LIABILITIES			
Current liabilities			
Amounts due to subsidiaries		**2,972**	3,189
Other payables		**2,107**	1,493
Total current liabilities		**5,079**	4,682
Total liabilities		**5,079**	4,682
Total equity and liabilities		**1,041,164**	1,042,893

36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Reserve movement of the Company

Other reserves of the Company	Share-based compensation reserve RMB'000	Currency translation differences RMB'000	Total RMB'000
At 1 January 2023	20,627	(43,563)	(22,936)
Currency translation differences	—	17,314	17,314
Share-based compensation	7,652	—	7,652
At 31 December 2023	28,279	(26,249)	2,030
At 1 January 2024	**28,279**	**(26,249)**	**2,030**
Currency translation differences	**—**	**15,343**	**15,343**
Share-based compensation	**3,952**	**—**	**3,952**
At 31 December 2024	**32,231**	**(10,906)**	**21,325**