ManpowerGroup®

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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2180)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The board (the "**Board**") of directors (the "**Directors**") of ManpowerGroup Greater China Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2020 (the "**Reporting Period**").

In this announcement, "we", "us" and "our" refer to the Company and where the context otherwise requires, the Group.

2020 FINANCIAL HIGHLIGHTS

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

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

** *The number of full time employees in 2020 and 2019 are set out in "Key Operating Metrics" section on page 6 of this announcement.*

BUSINESS REVIEW

The COVID-19 outbreak is one of many events that have made 2020 a year like no other. With a worldwide pandemic, slowing global economic growth, and complex trade and geopolitical uncertainties, 2020 has brought many challenges that were unprecedented in recent history. Despite the difficult market environment, with the great effort of the management team and all employees, the Group's business continued its growth trend both in revenue and in net profit, and recorded strong growth in the flexible staffing business especially in Mainland China for the Reporting Period, which demonstrated the successful strategy and execution of the "All-in-Staffing" strategy.

Compared with the strong momentum in the Mainland China and positive growth in Taiwan, the business in Hong Kong was more negatively impacted from COVID-19 both on the top line and the bottom line. The Group's subsidiary specializes in marketing and promotion business, Event Elite Production and Promotion Limited ("**Event Elite**"), recorded impairment loss on goodwill of RMB7.7 million due to the fast-shrinking local promotion businesses from the impact of the COVID-19.

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

In addition, the Group continued to expand its service offerings in Mainland China, particularly in the flexible staffing business. In line with the use of proceeds stated in the prospectus of the Company dated 27 June 2019 (the "**Prospectus**"), the Group has further expanded the scale of its flexible staffing business during the Reporting Period. The total number of associates placed during the Reporting Period increased by 13.2% from approximately 34,000 as the end of 2019 to 38,500 by the end of 2020, among which the total number of associates placed in Mainland China grew by approximately 27%.

During the Reporting Period, the Group further streamlined its geographical operational structures in Mainland China with a view to accelerating its expansion into under-penetrated regions in southern, central, and western China, such as Wuhan, and bolstering its strong market position in tier-one cities such as Shanghai, Beijing, Guangzhou and Hong Kong. In addition, the Group strengthened its business development capabilities in the New Economy and Technology sector, to which its top 5 clients belong, with the number of clients from such sector increasing by 19% on a year over year basis. During the Reporting Period, the Group remained committed to growing its existing accounts, with revenue contribution from its top 5 clients increasing by approximately 33.8% and accounting for approximately 33.8% of its total revenue for the Reporting Period. Moreover, net cash flow from operation activities increased by 145.1% on a year-over-year basis to RMB272.6 million while the turnover days of trade receivable was further decreased to 52.1 days from 52.5 days of last year thanks to the Group's strong cash flow management and prudent risk control.

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

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

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

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

To counteract the COVID-19 pandemic and to fulfil its corporate social responsibility, the Group set up a RMB1.38 million Public Welfare Fund together with its associate companies in early 2020. All of the fund has been donated within the year to four hospitals in Hubei province and to the Hubei Youth Development Foundation. The Group is committed to promoting corporate social responsibility and is actively taking part in the economic recovery of Wuhan and other areas in the Hubei province which the Group considers key regions for future development.

The Group's efforts in providing customized and professional services to its clients in the Greater China region, namely, the People's Republic of China ("**PRC**" or "**China**" or "**Mainland China**"), Hong Kong Special Administrative Region of the PRC ("**Hong Kong**"), Macau Special Administrative Region of the PRC ("**Macau**") and Taiwan (collectively referred as "**Greater China Region**") have been recognized with a number of awards, including "2019-2020 The Best Comprehensive HR Service Provider in Greater China" ("大中華區最佳綜合人力資源服務機構") by HRoot, "The Best HR Service Provider in China 2020" ("年度最佳人力資源服務機構") by Top HR, "The Best SaaS Service Provider in 2019-2020" ("2019-2020年度最佳SaaS服務商") by Top Exhibition, and "Top 30 Innovative Brands" ("2020中國人力資源科技創新品牌30強") by HR Tech China.

OUTLOOK & STRATEGY

Both Opportunities and Challenges in the Upcoming Year

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

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

Flexible Staffing Remains Our Strategic Focus in 2021

The Group's strategic focus in 2021 will remain on flexible staffing in Mainland China driven by organic growth, strategic investment and potential merger and acquisition (the "**M&A**"). The Group believes that it will continue to benefit from the industry growth momentum on the back of a strong global brand and leading market position.

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

The Group's strategic investment in associate companies (Manpower Plus Strategy) across Mainland China has made impressive progress and profitable return, which will encourage the Group to accelerate this strategy to enlarge market share. The cooperation with regional and local leading human resources companies has been helping the Group broaden its market reach, expand its client base and take advantage of the synergy between the parties.

For the upcoming year, the Group will actively consider opportunities for strategic acquisition and cooperation in order to strengthen its leadership position in the workforce solutions market. The focus of the Group's M&A and cooperation strategy will remain on flexible staffing, especially on businesses and opportunities with the potential to broaden the Group's flexible staffing product offerings and create synergy between its different business lines.

Further optimization of the Workforce Technology Platform

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

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

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

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

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

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

KEY OPERATING METRICS

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

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

FINANCIAL REVIEW

Revenue

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

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

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

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

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

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

Cost of services

The Group's cost of services increased by approximately 9.5% from RMB2,454.9 million for the year ended 31 December 2019 to RMB2,687.1 million for the year ended 31 December 2020. This increase was higher than the increase in the Group's revenue mainly due to the expansion of the Group's flexible staffing business in Mainland China with fast-growing number of associates placed during the Reporting Period.

Gross profit and gross profit margin

Gross profit represents revenue less cost of services. The Group's gross profit decreased by approximately 8.7% from RMB586.6 million for the year ended 31 December 2019 to RMB535.5 million for the year ended 31 December 2020. The decrease in gross profit was primarily due to (i) the decrease in revenue generated from recruitment solutions across the Greater China Region given macroeconomic uncertainties and the negative impact of the COVID-19 outbreak which resulted in suppressed demand and a sharp decline in the number of successful placements during the Reporting Period; and (ii) the decrease of revenue in Hong Kong as a result of the decline of the Group's higher profit margin business in the region due to the COVID-19 pandemic and weak economy.

The Group's gross profit margin decreased from approximately 19.3% for the year ended 31 December 2019 to approximately 16.6% for the year ended 31 December 2020, primarily due to the increase in proportion of revenue generated from flexible staffing which had a lower gross profit margin but much faster growth rate compared to that of the Group's other business lines as a result of flexible staffing being the strategic focus of the Group.

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

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

Selling and administrative expenses

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

The Group's selling expenses decreased by approximately 12.5% from RMB345.4 million for the year ended 31 December 2019 to RMB302.3 million for the year ended 31 December 2020, primarily due to: (i) the restructure of the Group's internal management by combining the headhunting and RPO business lines into a single recruitment solutions business line which led to a decrease in the number of partners and consultants in recruitment services and staff costs; and (ii) the improvement in efficiency of operations caused by the investment in operating technology.

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

The Group's selling expenses accounted for approximately 11.4% and 9.4% of its total revenue for the year ended 31 December 2019 and 2020, respectively, while the Group's administrative expenses accounted for approximately 2.5% and 2.2% of its total revenue for the year ended 31 December 2019 and 2020, respectively. The decrease in both selling expenses and administrative expenses as a percentage of total revenue was primarily due to the improvement in operational efficiency.

Other income

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

Other gains and losses

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

Share of profit of associates

The Group's share of profit of associates amounted to RMB1.8 million for the year ended 31 December 2020. During the Reporting Period, all the associates in which the Group invested under Manpower Plus Strategy in previous years have turned around and made profits, in contrast to the total loss of RMB1.9 million incurred in 2019. Only the new associate company in which the Group invested in early 2020, Hainan Wan Sheng Zhi Hui Technology Co. Ltd., made a small loss during the Reporting Period.

Income tax expense

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

The Group's income tax expense increased by approximately 4.3% from RMB33.6 million for the year ended 31 December 2019 to RMB35.0 million for the year ended 31 December 2020.

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

Profit for the year attributable to owners of the Company

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

Adjusted profit for the year attributable to owners of the Company

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

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

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

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

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

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

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

Net current assets

As at 31 December 2020, the Group's net current assets amounted to RMB1,034.4 million (31 December 2019: RMB1,017.8 million). Specifically, the Group's total current assets increased by approximately 7.8% from RMB1,470.7 million as at 31 December 2019 to RMB1,585.8 million as at 31 December 2020. The Group's total current liabilities increased by approximately 21.7% from RMB452.9 million as at 31 December 2019 to RMB551.3 million as at 31 December 2020. The increase in net current assets was primarily due to the increase in bank balances and cash as a result of cash inflow from business operations.

Cash position

As at 31 December 2020, the Group had bank balances and cash, together with its restricted bank deposits, time deposits with original maturity over three months and financial assets at FVTPL of RMB1,068.8 million (31 December 2019: RMB944.7 million). The increase in bank balances and cash was primarily due to the cash inflow from business operations.

Indebtedness

As at 31 December 2020, the Group had lease liabilities of RMB64.9 million (31 December 2019: RMB81.8 million). The Group had no bank loans or convertible loans during the year and as at 31 December 2020 (31 December 2019: Nil). As a result, the Group's gearing ratio (calculated as total bank and other borrowings divided by total equity) as at 31 December 2020 was not calculated (31 December 2019: Nil).

Pledge of assets

As disclosed under the section headed "Contingent Liabilities", as at 31 December 2020, the Group had pledged its bank deposit in an amount of RMB9.1 million.

Financial risks

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

Currency risk

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

Interest rate risk

The Group's exposure to fair value interest rate risks relates primarily to the Group's fixed-rate time deposits with original maturity over three months. The Group also exposes to cash flow interest rate risk in relation to variable rate restricted bank deposits and bank balances. The Group has not used derivative financial instruments to hedge any interest rate risks. The Group manages its interest rate exposures by assessing the potential impact arising from interest rate movements based on the current interest rate level and outlook.

Credit risk

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

Liquidity risk

The Group manages its liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

KEY FINANCIAL RATIO

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

CONTINGENT LIABILITIES

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

COMMITMENTS

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

USE OF PROCEEDS FROM THE LISTING

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

CHANGE OF TIMELINE IN USE OF NET PROCEEDS

Since the outbreak of COVID-19 pandemic in early 2020, the local government in the Greater China Region has implemented various social distancing measures such as travel restrictions, border control measures, and work from home arrangements to control and prevent the spread of COVID-19. As a result of such measures, the Group's expansion plans have been temporarily curtailed by the pandemic. The spread of COVID-19 had also triggered change of the market conditions and business environment, the Board stayed cautious under the uncertain conditions and being conservative on investment activities and expansion plans during 2020. The Board are of the view that COVID-19 situation is still evolving rapidly, there remains a significant degree of uncertainty over the severity and duration of the economic outbreak of the Greater China and has resolved to postpone the timeline of the unutilised net proceeds to 31 December 2022. The table below sets forth the details of utilisation of the net proceeds up to 31 December 2020 and the expected timeline for the intended use of the unutilised net proceeds:

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

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

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

EMPLOYEE AND REMUNERATION POLICY

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

The Group offers its own employee remuneration packages that include salary and bonuses, and determines employee remuneration based on factors such as qualifications and years of experience. The Group's own employees also receive welfare benefits, including medical care, retirement benefits, occupational injury insurance and other miscellaneous items. The Group's associates are employed on a contract basis. The Company has adopted a share option scheme on 5 June 2019 as incentive for eligible employees.

EVENTS AFTER THE REPORTING PERIOD

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

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as at 31 December 2020, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

ANNUAL RESULTS

The audited consolidated results of the Group for the Reporting Period with the comparative figures for the preceding financial year are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	For the year ended 31 December **2020** *RMB'000*	2019 *RMB'000*
Revenue	*3*	**3,222,631**	3,041,513
Cost of services		**(2,687,130)**	(2,454,916)
Gross profit		**535,501**	586,597
Selling expenses		**(302,348)**	(345,354)
Administrative expenses		**(70,874)**	(75,225)
Other income		**14,269**	10,938
Impairment losses under expected credit loss ("**ECL**") model, net of reversal		**(612)**	1,410
Other gains and losses		**(4,867)**	(1,687)
Finance costs		**(3,975)**	(2,480)
Share of profit (loss) of associates		**1,784**	(1,926)
Listing expenses		**–**	(18,242)
Profit before tax		**168,878**	154,031
Income tax expense	*4*	**(34,991)**	(33,553)
Profit for the year		**133,887**	120,478
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
Actuarial gains (losses) from remeasurement of defined benefit obligations, net of tax		**340**	(278)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(43,469)**	8,875
Other comprehensive (expense) income for the year, net of tax		**(43,129)**	8,597
Total comprehensive income for the year		**90,758**	129,075

	NOTES	For the year ended 31 December **2020** ***RMB'000***	2019 *RMB'000*
Profit for the year attributable to:			
Owners of the Company		**126,357**	110,149
Non-controlling interests		**7,530**	10,329
		133,887	120,478
Total comprehensive income for the year attributable to:			
Owners of the Company		**82,600**	118,698
Non-controlling interests		**8,158**	10,377
		90,758	129,075
Earnings per share	*7*		
Basic *(RMB)*		**0.61**	0.62
Diluted *(RMB)*		**0.61**	0.62

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2020	2019
	NOTES	***RMB'000***	*RMB'000*
NON-CURRENT ASSETS			
Property and equipment		**15,025**	16,132
Right-of-use assets		**63,340**	81,535
Goodwill		**52,945**	64,411
Other intangible assets		**58,403**	45,206
Interests in associates		**31,807**	4,272
Equity instruments at fair value through other comprehensive income		**9,705**	9,705
Deferred tax assets		**3,752**	2,781
Other receivable		**11,207**	11,533
Deposits		**18,983**	14,130
Restricted bank deposits		**9,143**	9,485
Retirement benefit assets		**438**	17
		274,748	259,207
CURRENT ASSETS			
Trade and other receivables, deposits and prepayments	*8*	**525,895**	513,356
Amounts due from fellow subsidiaries	*9*	**189**	847
Financial assets at FVTPL		**90,459**	133,292
Restricted bank deposits		**–**	16,233
Time deposits with original maturity over three months		**291,303**	5
Bank balances and cash		**677,908**	806,967
		1,585,754	1,470,700
CURRENT LIABILITIES			
Trade and other payables	*10*	**468,895**	358,452
Contract liabilities		**28,959**	20,879
Lease liabilities		**28,663**	31,858
Amount due to ultimate holding company	*9*	**9,135**	10,372
Amounts due to fellow subsidiaries	*9*	**844**	949
Tax payables		**14,843**	30,413
		551,339	452,923

		As at 31 December	
		2020	2019
	NOTES	***RMB'000***	*RMB'000*
NET CURRENT ASSETS		**1,034,415**	1,017,777
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,309,163**	1,276,984
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**16,479**	7,923
Lease liabilities		**36,279**	49,986
		52,758	57,909
NET ASSETS		**1,256,405**	1,219,075
CAPITAL AND RESERVES			
Share capital		**1,830**	1,830
Reserves		**1,189,362**	1,155,829
Equity attributable to owners of the Company		**1,191,192**	1,157,659
Non-controlling interests		**65,213**	61,416
TOTAL EQUITY		**1,256,405**	1,219,075

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
OPERATING ACTIVITIES		
Profit before tax	**168,878**	154,031
Adjustments for:		
Finance costs	**3,975**	2,480
Bank interest income	**(9,595)**	(8,545)
Dividend income	**(975)**	(682)
Depreciation of property and equipment	**5,174**	4,526
Depreciation of right-of-use assets	**31,768**	32,345
Amortisation of intangible assets	**2,734**	2,705
Loss (gain) on disposal of property and equipment	**773**	(59)
Net fair value change in financial assets at FVTPL	**(3,001)**	(3,675)
Net imputed interest on consideration receivables	**1,633**	(77)
Impairment losses under ECL model, net of reversal	**612**	(1,410)
Impairment loss on goodwill	**7,726**	6,232
Equity-settled share-based payments	**2,117**	352
Share of (profit) loss of associates	**(1,784)**	1,926
Operating cash flows before movements in working capital	**210,035**	190,149
Increase in trade and other receivables, deposits and prepayments	**(25,062)**	(58,210)
Decrease in amount due from ultimate holding company	**–**	194
Decrease (increase) in amounts due from fellow subsidiaries	**84**	(273)
Increase in trade and other payables	**115,058**	5,882
Increase in contract liabilities	**8,134**	7,851
Decrease in amount due to ultimate holding company	**(751)**	(9,175)
Increase in amounts due to fellow subsidiaries	**106**	58
(Increase) decrease in retirement benefit assets	**(85)**	371
Cash generated from operations	**307,519**	136,847
Income tax paid	**(34,969)**	(25,645)
NET CASH FROM OPERATING ACTIVITIES	**272,550**	111,202

	For the year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
INVESTING ACTIVITIES		
Interest received	**9,595**	8,545
Dividend received	**975**	682
Purchases of property and equipment	**(5,024)**	(6,783)
Proceeds from disposal of property and equipment	**66**	120
Addition of other financial assets at FVTPL	**–**	(21,069)
Proceeds from disposal of other financial assets at FVTPL	**20,297**	–
Placement of structured deposits	**(446,000)**	(544,891)
Settlement of structured deposits	**471,537**	523,622
Placement of time deposits	**(572,396)**	(702,378)
Withdrawal of time deposits	**264,365**	849,927
Placement of restricted bank deposits	**(29,600)**	(29,734)
Withdrawal of restricted bank deposits	**45,600**	45,725
Repayment from ultimate holding company	**–**	3,966
Advance to fellow subsidiaries	**–**	(2,102)
Repayment from fellow subsidiaries	**597**	1,540
Addition of investments in associates	**(27,350)**	–
Return of capital from an associate	**1,599**	–
Settlement of consideration receivables from disposal of subsidiaries	**2,650**	1,515
Development costs paid	**(18,186)**	(5,456)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(281,275)**	123,229

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

ManpowerGroup Greater China Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on 26 September 2014. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 10 July 2019. The addresses of the Company's registered office and principal place of business in the People's Republic of China (the "**PRC**") are PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and 36/F, Xin Mei Union Square, No. 999, Pudong Road (S), Pudong District, Shanghai, PRC, respectively.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the provision of a comprehensive range of workforce solutions and services in the PRC, Hong Kong Special Administrative Region of the PRC ("**Hong Kong**"), Macau Special Administrative Region of the PRC ("**Macau**") and Taiwan (collectively referred to as "**Greater China Region**").

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company

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

Amendments to IFRSs that are mandatorily effective for the current year

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

Amendments to International Accounting Standard ("IAS") 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

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

Except as described below, the application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

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

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

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

New and amendments to IFRSs in issue but not yet effective

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

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

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

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

Amendments to IFRS 3 Reference to the Conceptual Framework
The amendments:

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

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

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

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

3. REVENUE AND SEGMENT INFORMATION

Segment information

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

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

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

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

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

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

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

Segment revenue and results

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

Year ended 31 December 2020

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

Year ended 31 December 2019

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

Geographical information

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

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

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the gross profit earned by each segment without allocation of selling expenses, administrative expenses, other income, impairment losses under ECL model, net of reversal, other gains or losses, finance costs and share of profit (loss) of associates. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. In addition, the impairment loss on goodwill of approximately RMB7,726,000 (2019: RMB6,232,000) recognised in profit or loss for Workforce Solutions segment is provided to the CODM but not included in the measure of segment profit.

There were no inter-segment sales for both years.

Segment assets and liabilities

Information reported to the CODM for the purposes of resource allocation and performance assessment does not include any assets and liabilities. Accordingly, no segment assets and liabilities are presented.

Information about major customers

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

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

[1] Revenue from Workforce Solutions

Disaggregation of revenue

Year ended 31 December 2020

	Workforce Solutions *RMB'000*	**Other HR Services** *RMB'000*	**Total** *RMB'000*
Types of service			
Flexible staffing	**3,011,853**	**–**	**3,011,853**
Recruitment solutions	**186,246**	**–**	**186,246**
Others	**–**	**24,532**	**24,532**
	3,198,099	**24,532**	**3,222,631**

Year ended 31 December 2019

	Workforce Solutions *RMB'000*	Other HR Services *RMB'000*	Total *RMB'000*
Types of service			
Flexible staffing	2,685,217	–	2,685,217
Recruitment solutions	278,545	–	278,545
Others	–	77,751	77,751
	2,963,762	77,751	3,041,513

4. INCOME TAX EXPENSE

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

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

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

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

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

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2,000,000.

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

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

5. PROFIT FOR THE YEAR

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

For the year ended 31 December 2020, the Group recognised government grants by deducting from the related expenses in respect of COVID-19-related subsidies which mainly relate to Employment Support Scheme provided by the Hong Kong government and reduction or waiver of social insurance contributions by the PRC government.

6. DIVIDEND

During the year ended 31 December 2019, a final dividend of US$12.2 million (equivalent to approximately RMB83.8 million) in respect of the year ended 31 December 2018 was declared and paid.

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

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

7. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

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

Number of shares

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

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share has been determined on the assumption that the redenomination of issued share capital and the issue of 135,097,920 ordinary shares pursuant to the capitalisation issue have been effective on 1 January 2019.

The computation of diluted earnings per share for the year ended 31 December 2019 did not assume the exercise of share options granted by the Company because the exercise price of those options was higher than the average market price for shares for 2019.

8. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

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

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

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

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

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

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

10. TRADE AND OTHER PAYABLES

The following is an aged analysis of the trade payables at the end of the Reporting Period, presented based on the invoice date:

	2020	2019
	RMB'000	*RMB'000*
0–30 days	**13,627**	14,655
31–60 days	**12**	30
61–90 days	**23**	56
91–120 days	**140**	200
	13,802	14,941

CORPORATE GOVERNANCE

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability.

The Company has adopted the corporate governance code (the "**Corporate Governance Code**") contained in Appendix 14 to the Listing Rules as its own code on corporate governance and, to the best knowledge of the Directors, the Company had complied with all applicable code provisions under the Corporate Governance Code throughout the Reporting Period.

Further information about the corporate governance practices of the Company will be set out in the annual report of the Company for the year ended 31 December 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the "**Model Code**") as the guidelines for the Directors' dealings in the securities of the Company. Upon specific enquiries of all the Directors, each of them has confirmed that he/she had complied with all applicable code provisions under the Model Code throughout the Reporting Period.

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

REVIEW OF ACCOUNTS

The Board established the Audit Committee with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting system, risk management and internal control systems of the Group, to oversee the audit process, to develop and review the policies and to perform other duties and responsibilities as assigned by the Board. The Audit Committee consists of five members, namely Mr. Victor HUANG, Mr. John Thomas MCGINNIS, Mr. ZHAI Feng, Mr. Thomas YEOH Eng Leong and Ms. WONG Man Lai Stevie. Mr. Victor HUANG, Mr. Thomas YEOH Eng Leong and Ms. WONG Man Lai Stevie are independent non-executive Directors. The chairman of the Audit Committee is Mr. Victor HUANG, who possesses appropriate professional qualifications.

The Audit Committee has discussed with the external auditor of the Company and reviewed the annual results and the consolidated accounts of the Group for the year ended 31 December 2020. The Audit Committee has agreed with the external auditor of the Company on the annual results of the Group for the year ended 31 December 2020.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

ANNUAL GENERAL MEETING

The 2021 annual general meeting is scheduled to be held on Tuesday, 29 June 2021. A notice convening the 2021 annual general meeting will be published and despatched to the Shareholders in the manner required by the Listing Rules in due course.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK$0.32 per ordinary share (equivalent to approximately RMB0.27 per ordinary share) payable in cash. The proposed final dividend is subject to the approval of the Shareholders at the Company's forthcoming annual general meeting to be held on Tuesday, 29 June 2021. The proposed final dividend will be declared and paid in Hong Kong dollars. Subject to the approval of the Shareholders at the Company's forthcoming annual general meeting, the proposed final dividend is expected to be paid on or around Tuesday, 20 July 2021.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the Shareholders' eligibility to attend, speak and vote at the forthcoming annual general meeting and the Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed as appropriate as set out below:

For determining the entitlement to attend, speak and vote at the forthcoming annual general meeting

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

For determining the entitlement to the proposed final dividend

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

PUBLICATION OF ANNUAL RESULTS

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk as well as the website of the Company at www.manpowergrc.com. The Company's 2020 annual report will be despatched to Shareholders and published on the aforementioned websites in due course.

By order of the Board
ManpowerGroup Greater China Limited
YUAN Jianhua
Executive Director and
Chief Executive Officer

Hong Kong, 30 March 2021

As at the date of this announcement, the executive Director is Mr. YUAN Jianhua; the non-executive Directors are Mr. Darryl E GREEN, Mr. John Thomas MCGINNIS, Mr. ZHANG Yinghao and Mr. ZHAI Feng; and the independent non-executive Directors are Mr. Thomas YEOH Eng Leong, Ms. WONG Man Lai Stevie and Mr. Victor HUANG.