2021 ANNUAL REPORT

ManpowerGroup®

万宝盛华大中华有限公司

MANPOWERGROUP GREATER CHINA LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock code: 2180

CONTENT

Corporate Profile

ManpowerGroup Greater China Limited ("Manpower GRC" or the "Company" and together with its subsidiaries, the "Group") provides comprehensive workforce solutions and other human resource ("HR") services to clients located in each market in Greater China, namely, the People's Republic of China ("PRC" or "China" or "Mainland China"), Hong Kong Special Administrative Region of the PRC ("Hong Kong"), Macau Special Administrative Region of the PRC ("Macau") and Taiwan (collectively referred as "Greater China Region"). The Group's largest stakeholder, ManpowerGroup Inc. ("MAN"), is a New York Stock Exchange-listed world leader in workforce solutions and services, which first tapped into the Greater China Region in 1997, when it commenced operations in Hong Kong and Taiwan and subsequently entered Mainland China in 2003 and Macau in 2007. As at 31 December 2021, the Group served a broad range of corporate and government clients in over 230 cities in the Greater China markets, operating 39 offices.

Inheriting MAN's global reputation, the Group, with over two decades of dedicated work, developed deep connections with both multinational clients and local clients doing business in the Greater China Region and achieved prominent brand recognition. During the year ended 31 December 2021, the Group had served over 280 Fortune 500 companies and prominent local public and private employers.

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

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Mr. Darryl E GREEN *(Chairman)*
Mr. John Thomas MCGINNIS
Mr. ZHANG Yinghao
Mr. ZHAI Feng

Independent Non-executive Directors

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

AUDIT COMMITTEE

Mr. Victor HUANG *(Chairman)*
Mr. John Thomas MCGINNIS
Mr. ZHAI Feng
Mr. Thomas YEOH Eng Leong
Ms. WONG Man Lai Stevie

REMUNERATION COMMITTEE

Mr. Thomas YEOH Eng Leong *(Chairman)*
Mr. Darryl E GREEN
Mr. ZHANG Yinghao
Ms. WONG Man Lai Stevie
Mr. Victor HUANG

NOMINATION COMMITTEE

Ms. WONG Man Lai Stevie *(Chairman)*
Mr. Darryl E GREEN
Mr. ZHANG Yinghao
Mr. Thomas YEOH Eng Leong
Mr. Victor HUANG

INVESTMENT COMMITTEE

Mr. John Thomas MCGINNIS *(Chairman)*
Mr. ZHANG Yinghao
Mr. CUI Zhihui

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F, One Pacific Place, 88 Queensway
Hong Kong

LEGAL ADVISORS

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

JOINT COMPANY SECRETARIES

Ms. TSUI Sum Yi
Ms. GAO Xingyue

AUTHORISED REPRESENTATIVES

Mr. CUI Zhihui
Ms. TSUI Sum Yi

HEAD OFFICE IN THE PRC

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PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Kwun Tong, Kowloon
Hong Kong

Corporate Information

PRINCIPAL SHARE REGISTRAR IN CAYMAN ISLANDS

Maples Fund Services (Cayman) Limited
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Grand Cayman KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
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Hopewell Centre
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Hong Kong

REGISTERED OFFICE

PO Box 309
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Grand Cayman
KY1-1104
Cayman Islands

PRINCIPAL BANKS

Shanghai Securities Building branch,
Industrial and Commercial Bank of China

The Hongkong and Shanghai Banking
Corporation Limited

WEBSITE

www.manpowergrc.com

STOCK CODE

2180

INVESTOR RELATIONS CONTACTS

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

Financial Highlights

The below table sets out the key financial highlights of the Group for the year ended 31 December 2021:

	For the year ended 31 December 2021 (RMB'000)	2020 (RMB'000)	Change in percentage %
Revenue	**3,968,874**	3,222,631	23.2
Growth rate of Mainland China flexible staffing revenue	**41%**	28%	13
Profit attributable to owners of the Company	**139,169**	126,357	10.1
Adjusted profit attributable to owners of the Company	**145,686**	136,200	7.0
Average revenue generated per employee	**2,998**	3,058	(2.0)
Number of full time employees	**1,324**	1,054	25.6

Management Discussion and Analysis

BUSINESS REVIEW

The year of 2021 has seen profound changes brought on by the continuing COVID-19 pandemic, increasing geo-political tension, and volatile macroeconomic environments. Despite the challenges, the Group's performance during the year gives it confidence that the Group is well positioned in an increasingly competitive and dynamic environment. It has been a year of significant strategic achievements, providing a strong foundation for future growth.

Along with navigating external changes, the Group has successfully adapted to internal changes during 2021. After its long-serving chief executive officer stepped down in March 2021, the Group has been seamlessly transitioned to Mr. CUI Zhihui, who was chief financial officer of the Group. Together with Mr. TANG Jiayi, our new chief financial officer who joined the Group in October 2021, the Board and the new management team has instituted a refined corporate strategy with growth-oriented initiatives, reformed its corporate culture, has realised the stability of its teams across Mainland China, Hong Kong and Taiwan, and at the same time achieved the fastest revenue growth over the last five years and a historical high level of flexible staffing business growth in Mainland China, all of which would further drive the Group's growth aspirations and build up its core competitiveness. In addition, the Group has tapped into high-volume businesses last year and has further extended its product portfolio in the view of providing comprehensive services in a fast-growing market. Furthermore, the Group has repositioned its technology platform and refined the development strategy of key technology products.

For the year ended 31 December 2021 (the "Reporting Period"), the Group achieved a total revenue of RMB3,969 million, representing an increase of approximately 23.2% compared to the corresponding period of 2020, much higher than an approximately 6% growth rate from the year before, and after the dilution from a flattish revenue growth in Hong Kong given the persisting COVID-19 impact. Revenue generated from Mainland China grew by approximately 39.7% year over year, which was the highest growth over the past 5 years. The flexible staffing business segment grew by approximately 22.5% on a year over year basis to RMB3,689 million, of which the flexible staffing revenue from Mainland China achieved a historical high growth of approximately 41% on a year over year basis. Hong Kong achieved a solid turnaround from –11% revenue growth in the previous year to flattish growth during the Reporting Period under the extremely difficult market condition due to continuous impact of the pandemic.

During the Reporting Period, net profit attributable to owners of the Company increased to RMB139.2 million, representing a growth of approximately 10.1% year over year. Adjusted net profit attributable to owners of the Company recorded RMB145.7 million after adjusting expenses, growing by 7.0% year over year. A final dividend for the year ended 31 December 2021 of HK$0.37 per ordinary share (equivalent to RMB0.30 per ordinary share, representing approximately 45% of the Group's earnings per share) has been proposed by the directors of the Company.

BUSINESS REVIEW (Continued)

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 year. The total number of associates placed during the Reporting Period increased by approximately 24.7% from approximately 38,500 as the end of 2020 to 48,000 by the end of 2021, among which the total number of associates placed in Mainland China grew by approximately 40%.

During the Reporting Period, the Group has reviewed and reorganised its entrepreneurial partnership system to further shore up key competitiveness. In a view of accelerating expansion into under-penetrated regions in southern, central, and western China, the Group has increased its team capacity in Wuhan and Chengdu, while at the same time expanded its teams in Shanghai, Guangzhou as well to bolster its strong market position in tier-one cities. In addition, the Group further strengthened 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 increased by approximately 21% 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 increased by approximately 35.7% and accounted for approximately 37.3% of its total revenue for the Reporting Period. Moreover, the turnover days of trade receivable was further decreased to 50.1 days from 52.1 days of last year thanks to the Group's strong cash flow management and prudent risk control.

To implement its strategic initiatives of digitalisation, the Group has been transforming the workforce technology platform by providing its HR SaaS product to corporate clients, small HR service providers, the Group's alliance and invested companies to enlarge its own client base, facilitate order matching, and enhance distribution productivity. By end of 2021, the Group's recruiting service product 天天U才 had recorded around 46,400 Monthly Active Users with approximately 15,000 positions posted; the collaborative platform 天天U單 had posted around 12,400 positions during the year; the Group's employee value-adding platform 天天U福 had registered over 27,000 members. In addition, the Group's HR SaaS platform has been refined across Mainland China, Hong Kong, Taiwan and Macau. As of the end 2021, the Group's talent pool has reached a total number of around 5.7 million.

The Group's efforts in providing customised and professional services to its clients in the Greater China Region have been recognised with a number of awards, including "Top 3 in China's Headhunting Industry Ranking in 2021" ("2021中國獵頭行業排行榜Top3") by TopHR, "2021 China Recruitment & Staffing Supplier Value Awards" ("2021中國招聘與任用供應商價值大獎–白領崗位+服務業") by HREC, and "Top 30 Chinese HR Technology Innovation Brands" (中國人力資源科技創新品牌30強) by HR Tech China.

OUTLOOK & STRATEGY

Cautiously Optimistic for Upcoming Year

The year of 2022 began with an ongoing COVID-19 pandemic, in particular a recent widespread outbreak in Hong Kong and challenging pandemic situations in different cities of Mainland China with varying levels of severity, escalated regional conflicts, and uncertain global political and economic outlook, especially looming inflation risk. Looking to the future, the Group is cautiously optimistic with the confidence of the resilience of its people, the robustness of the business model, and the diversification within the business.

In terms of business performance in different regions, the Group expects continuous strong growth momentum in flexible staffing business in Mainland China with extended product portfolio. 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 remains cautious on its flexible staffing segment due to the most widespread pandemic outbreak in the city's history. However, the turnaround of the outdoor marketing/promotion business in Hong Kong is expected to contribute more profit to the region's performance in the medium term.

Flexible Staffing Remains Our Strategic Focus in 2022

The Group's strategic focus in 2022 will remain on flexible staffing in Mainland China driven by organic growth 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 high-volume low-margin sector, and accelerating expansion into under-penetrated regions in southern, central, and western China while at the same time shoring up its market leading position in tier-one cities (Beijing, Shanghai, Guangzhou and Shenzhen) to gain more market share and achieve greater economies of scale. Furthermore, the Group is proactively expanding its client base into the State-Owned-Enterprise (SOE) sector and financial services sector, and further widening its business offerings to increase its market share in Mainland China.

Going forward, the Group will actively seek opportunities of 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.

OUTLOOK & STRATEGY (Continued)

Transformation of the Workforce Technology Platform

In 2022, the Group will continue to transform its workplace technology platform ("職場+"科技平台) in three major service areas with a focus on repositioning of its collaborative recruiting platform (天天U單) and HR SaaS product in order to enhance productivity and improve cross-selling between different business lines.

On a holistic level, the Group is working hard to transform its workforce technology platform into an integrated full-rounded service offering platform. By providing its HR SaaS product to corporate clients and other HR service providers including the Group's alliance and invested companies, the Group could further enlarge its own client base and obtain more orders/candidate referments from its coalitions, which in turn would enhance distribution productivity and boost cross-selling of the Group's other services.

By expanding team capacity and strengthening business development of suppliers, the Group aims to improve the diversity of its technology platform users and develop more suppliers of enterprise clients. Through leveraging the Group's leading market position, it could integrate resources in the industry and take full advantage of capabilities of its coalitions to achieve higher revenue growth and more value creation.

Further Investment in Our People and Internal Infrastructure

The Group is determined to continue to invest in its employees and associates, actively expand its team capacity, foster a productive and collaborative workplace, and make sure each member of our team is held accountable.

Last but not the least, in view of the importance of data protection and compliance, the Group has put great emphasis on data security training and internal operating technology infrastructure upgrading to make sure a safe data environment for its clients, associates and candidates.

KEY OPERATING METRICS

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

	For the year ended 31 December		Change in percentage
	2021	2020	%
Flexible staffing			
Number of associates placed during the year (approximately)	**48,000**	38,500	24.7
Number of candidates in flexible talent database (in thousands)	**1,780**	1,700	4.7
Recruitment solutions			
Number of placements during the year (approximately)	**6,248**	3,686	69.5
Number of candidates in recruitment services database (in thousands)	**3,230**	3,100	4.2
Number of recruiters (approximately)	**273**	216	26.4
Overall			
Number of full time employees (approximately)	**1,324**	1,054	25.6

FINANCIAL REVIEW

Revenue

In 2021, 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 2021 (RMB'000)	2020 (RMB'000)	Change in percentage %
Revenue			
Workforce solutions services			
Flexible staffing	3,688,572	3,011,853	22.5
Recruitment solutions	248,266	186,246	33.3
Other HR services	32,036	24,532	30.6
Total	3,968,874	3,222,631	23.2

The revenue of the Group increased by approximately 23.2% from RMB3,222.6 million for the year ended 31 December 2020 to RMB3,968.9 million for the year ended 31 December 2021. This increase was attributable to the following:

(i) the increase in revenue generated from flexible staffing by approximately by 22.5% from RMB3,011.9 million for the year ended 31 December 2020 to RMB3,688.6 million for the year ended 31 December 2021, primarily due to the increase in number of associates placed during the Reporting Period as a result of the expansion of the Group's flexible staffing business in China;

(ii) the increase in revenue generated from recruitment solutions by approximately by 33.3% from RMB186.2 million for the year ended 31 December 2020 to RMB248.3 million for the year ended 31 December 2021, primarily due to the increase in number of successful placements made during the Reporting Period owing to the recovery from COVID-19 pandemic; and

(iii) the increase in revenue generated from other HR services by approximately by 30.6% from RMB24.5 million for the year ended 31 December 2020 to RMB32.0 million for the year ended 31 December 2021, primarily due to the increased in revenue generated from HR consultancy services of Right Management and government solution services in China.

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 2021 (RMB'000)	2020 (RMB'000)	Change in percentage %
Revenue			
The PRC	2,464,036	1,763,695	39.7
Hong Kong and Macau	622,435	620,146	0.4
Taiwan	882,403	838,790	5.2
Total	3,968,874	3,222,631	23.2

FINANCIAL REVIEW (Continued)

Cost of services

The Group's cost of services increased by approximately 23.9% from RMB2,687.1 million for the year ended 31 December 2020 to RMB3,330.6 million for the year ended 31 December 2021. This increase was generally in line with the Group's revenue growth.

Gross profit and gross profit margin

Gross profit represents revenue less cost of services. The Group's gross profit increased by approximately 19.2% from RMB535.5 million for the year ended 31 December 2020 to RMB638.2 million for the year ended 31 December 2021.

The Group's gross profit margin decreased from approximately 16.6% for the year ended 31 December 2020 to approximately 16.1% for the year ended 31 December 2021, which was primarily due to the following:

(i) the Group has tapped into high-volume businesses in flexible staffing; and

(ii) the direct costs paid to the subcontractors in recruitment solutions and other HR services increased.

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

	For the year ended 31 December		
	2021 (%)	2020 (%)	Change (%)
Workforce solutions services			
Flexible staffing	**10.8**	11.5	(0.7)
Recruitment solutions	**87.5**	91.0	(3.5)
Other HR services	**72.8**	74.3	(1.5)
Overall	**16.1**	16.6	(0.5)

FINANCIAL REVIEW (Continued)

Selling and administrative expenses

The Group's selling and administrative expenses primarily include (i) salaries and benefits; (ii) office expenses; (iii) others, including travelling, marketing and advertising expense; and (iv) share option and restricted shared units expenses.

The Group's selling expenses increased by approximately 16.9% from RMB302.3 million for the year ended 31 December 2020 to RMB353.5 million for the year ended 31 December 2021, primarily due to the increase of staff cost as a result of the expansion of the Group's flexible staffing business in China.

The Group's administrative expenses increased by approximately 34.3% from RMB70.9 million for the year ended 31 December 2020 to RMB95.2 million for the year ended 31 December 2021, primarily due to (i) new offices to support the business expansion in China; (ii) the increase in marketing and advertising expenses, training expenses, travelling expenses; (iii) the increase in expenses in relation to share options and restricted shared units granted; and (iv) absence of reduction or waiver of social insurance contributions in China and subsidies granted under Employment Support Scheme in Hong Kong for the Group's employees during the Reporting Period.

The Group's selling expenses accounted for approximately 9.4% and 8.9% of its total revenue for the years ended 31 December 2020 and 2021, respectively, while the Group's administrative expenses accounted for approximately 2.2% and 2.4% of its total revenue for the years ended 31 December 2020 and 2021, respectively. The decrease in selling expenses as a percentage of total revenue was primarily due to the improvement on employee structure. The increase in administrative expenses as percentage of total revenue was primarily due to the increase in expenditure on business expansion and promotion, business support and employee development, and share options and restricted shared units expenses.

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 decreased by approximately 13.3% from RMB14.3 million for the year ended 31 December 2020 to RMB12.4 million for the year ended 31 December 2021.

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 while the Group recorded other gains of RMB3.2 million for the year ended 31 December 2021 because of the absence of impairment loss on goodwill.

FINANCIAL REVIEW (Continued)

Share of profit of associates

The Group's share of profit of associates amounted to RMB3.2 million for the year ended 31 December 2021.

Income tax expense

The Group's income tax expense primarily consists of China 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 23.4% from RMB35.0 million for the year ended 31 December 2020 to RMB43.2 million for the year ended 31 December 2021.

The Group's effective income tax rate for the year ended 31 December 2021 was approximately 22.1%, compared to approximately 20.7% for the year ended 31 December 2020. The increase was primarily due to the withholding tax in respect of the dividend payment in Taiwan for distributable profit.

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 10.1% from RMB126.4 million for the year ended 31 December 2020 to RMB139.2 million for the year ended 31 December 2021.

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 expenses in relation to stock options and restricted share units granted and impairment loss on goodwill) increased by approximately 7.0% from RMB136.2 million for the year ended 31 December 2020 to RMB145.7 million for the year ended 31 December 2021.

FINANCIAL REVIEW (Continued)

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

Adjusted profit attributable to owners of the Company is a non-GAAP measure used by the management of the Group to provide additional information on its operating performance and is not a standard measure under International Financial Reporting Standards ("IFRSs"). Adjusted profit attributable to owners of the Company takes out the expense in relation to stock options and restricted share units granted during the year and the impairment loss on goodwill, 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	
	2021	2020
	RMB'000	RMB'000
Profit for the year attributable to owners of the Company	**139,169**	126,357
Adjustment for:		
Impairment loss on goodwill	**–**	7,726
Expense in relation to stock options and restricted share units granted	**6,517**	2,117
Adjusted profit for the year attributable to owners of the Company	**145,686**	136,200

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

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

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

Net current assets

As at 31 December 2021, the Group's net current assets amounted to RMB1,112.2 million (31 December 2020: RMB1,034.4 million). Specifically, the Group's total current assets increased from RMB1,585.8 million as at 31 December 2020 to RMB1,731.6 million as at 31 December 2021. The Group's total current liabilities increased from RMB551.3 million as at 31 December 2020 to RMB619.4 million as at 31 December 2021.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES (Continued)

Cash position

As at 31 December 2021, the Group had bank balances and cash, together with its restricted bank deposits, time deposits with original maturity over three months and structured deposits (presented as financial assets at FVTPL) of RMB1,054.3 million (31 December 2020: RMB1,068.8 million). The decrease in bank balances and cash was primarily due to the cash inflow from operating activities was offset by the dividend distribution and exchange losses from RMB appreciation.

Indebtedness

As at 31 December 2021, the Group had lease liabilities of RMB45.0 million (31 December 2020: RMB64.9 million). The Group had no bank loans or convertible loans during the Reporting Period and as at 31 December 2021 (31 December 2020: Nil). As a result, the Group's gearing ratio (calculated as total bank and other borrowings divided by total equity) as at 31 December 2021 was not calculated (31 December 2020: Nil).

Pledge of assets

As disclosed under the section headed "Contingent Liabilities", as at 31 December 2021, the Group had pledged its time deposit in an amount of RMB8.9 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 risk relates primarily to the Group's fixed-rate time deposits with original maturity over three months and lease liabilities. 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 risk relates primarily to trade receivables, other receivables, amounts due from fellow subsidiaries, restricted bank deposits, time deposits with original maturity over three months and bank balances. Concentrations of credit risk are managed by customer/counterparty and by geographical region. The Group's concentration of credit risk by geographical locations is mainly in the PRC, Hong Kong and Macau and Taiwan, which accounted for 68%, 17% and 15% of the total trade receivables as at 31 December 2021, respectively. 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, amounts due from fellow subsidiaries, restricted bank deposits, time deposits with original maturity over three months and bank balances.

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 2021, the current ratio (calculated as total current assets divided by the total current liabilities) of the Group was 2.8 times (31 December 2020: 2.9 times).

CONTINGENT LIABILITIES

As at 31 December 2021, the Group had outstanding surety bonds of RMB8.9 million (31 December 2020: RMB9.1 million), comprising restricted bank deposits, all of which were pledged as required by certain clients of the Group.

COMMITMENTS

As at 31 December 2021, the Group did not have any significant capital and other commitments, long-term obligations or guarantee (31 December 2020: Nil).

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as at 31 December 2021, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

During the Reporting Period, there were no material acquisition or disposal of subsidiaries, associated companies and joint ventures by the Group.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

The Group had no significant investments with a value of 5% or above of the Group's total assets as at 31 December 2021.

FUTURE PLANS FOR MATERIAL INVESTMENTS

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

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

Net proceeds from the Listing (including the exercise of the over-allotment option), after deducting the underwriting commission and other estimated expenses in connection with the Listing which the Company received amounted to approximately RMB458.2 million. Up to the date of this report, the net proceeds received from the Listing have been used and will continue to be used, in a manner consistent with the proposed allocation in the Prospectus. According to the announcement of the Company on 30 March 2021, the Board has resolved to postpone the timeline of the unutilised net proceeds to 31 December 2022. The Group will continue to utilise the proceeds according to the expected timeline as set out below.

The table below sets forth the utilisation of the net proceeds up to 31 December 2021:

Categories	Specific Plans	Expected timeline as stated in the Prospectus (Note)	Planned use of net proceeds as stated in the Prospectus and after considering the additional net proceeds from the exercise of over-allotment option RMB'000	Unutilised proceeds as at 1 January 2021 RMB'000	Proceeds utilised during the financial year ended 31 December 2021 RMB'000	Actual use of net proceeds up to 31 December 2021 RMB'000	Unutilised net proceeds as at 31 December 2021 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)	92,134	64,999	110,316	27,135	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)	109,625	12,534	40,360	97,091	On or before 31 December 2022
Future investments, strategic mergers and investment	Pursue strategic acquisition and acquisitions opportunities	12 to 24 months from the Listing Date	114,527 (25% of total net proceeds)	87,177	–	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)	17,070	4,709	10,563	12,361	On or before 31 December 2022
Working capital	Working capital and other general corporate purposes	–	45,847 (10% of total net proceeds)	15,313	15,313	45,847	–	
Total			458,200 (100% of total net proceeds)	321,319	97,555	234,436	223,764	

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 report, with regional resumption of business travel and activities on the horizon, the Directors are not aware of any material change to the proposed allocation and expected utilisation timeline of the net proceeds.

EMPLOYEE AND REMUNERATION POLICY

The Group's employees include its own employees and associates. Own employees refer to the employees for the Group's operations, including finance and information technology and excluding those for flexible staffing assignments. Associates refer to those who are assigned to work on client premises, typically under client instruction and supervision during the term of deployment. As at 31 December 2021, the Group employed approximately 1,324 full-time own employees and approximately 48,000 associates.

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

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

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

The Company has adopted a restricted share unit scheme on 10 June 2021 ("RSU Scheme") to recognise and reward the eligible participants for their contributions to the Group and attract, retain or otherwise maintain an on-going business relationship with the participants whose contributions are or will be beneficial to the long-term growth of the Group. For details of the RSU Scheme, please see the section headed "Directors' Report – Restricted Share Units Scheme" of this report.

Biographies of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. CUI Zhihui (崔志輝), aged 45, was appointed as the executive Director and the chief executive officer of the Company on 31 March 2021. He is the member of the investment committee of the Company. He is responsible for making operational and strategic decisions. Mr. CUI has served as the Group's chief financial officer from January 2016 to March 2021 and is responsible for the Group's management, including overseeing its financial affairs and leading the M&A and post management. He also holds directorship in a number of the Group's subsidiaries. Prior to joining the Group, from March 2007 to January 2016, Mr. CUI served as the chief financial officer at Capgemini Business Service (China) Co., Ltd. (廣東凱捷商業數據處理服務有限公司), a company specialising in business process outsourcing and information technology services, where he was primarily responsible for overseeing the management of financial affairs. Mr. CUI obtained a master's degree in business administration from the City University of Macau in Macau in August 2001. Mr. CUI was admitted as a fellow of The Chartered Institute of Management Accountants in September 2015.

Mr. YUAN Jianhua (袁建華), aged 45, was first appointed as the Director on 26 September 2014 and re-designated as the executive Director on 18 January 2019. Mr. YUAN resigned as executive Director, chief executive officer and president of the Company with effect from 31 March 2021. Mr. YUAN serves as a Senior Advisor to the Group for a period of one year commencing from 1 April 2021 to 31 March 2022.

Mr. YUAN has served as the president of 萬寶盛華人力資源(中國)有限公司 (ManpowerGroup (China) Human Resources Co., Ltd.*) (formerly known as 上海萬寶盛華人力資源有限公司 (Manpower Human Resources (Shanghai) Co., Ltd*)) ("Manpower China") and was later appointed as the Chief Executive Officer in September 2015. He was responsible for overseeing the Group's operations within the Greater China Region. He also holds directorship in a number of the Group's subsidiaries.

DIRECTORS (Continued)

Non-executive Directors

Mr. Darryl E GREEN, aged 61, was appointed as the Chairman and Director on 28 August 2015 and re-designated as the non-executive Director on 18 January 2019. He is the member of the remuneration committee and the nomination committee of the Company. Mr. GREEN is primarily responsible for providing strategic guidance for the overall development of the Group. He has also served as a director of ManpowerGroup Greater China (BVI) Limited, ManpowerGroup Greater China (HK) Limited, Manpower Services Hong Kong Limited and ManpowerGroup Solutions Holdings Hong Kong Limited. From October 2007 to January 2013, he was the chairman of Manpower China. He served as a director of Manpower China until August 2014.

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

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

Mr. John Thomas MCGINNIS, aged 55, was appointed as the non-executive Director on 29 June 2020. He is the chairman of the investment committee of the Company and the member of the audit committee of the Company. He was further appointed as a director of ManpowerGroup Greater China (BVI) Limited, ManpowerGroup Greater China (HK) Limited, and ManpowerGroup Solutions Holdings Hong Kong Limited on 1 September 2020. The aforementioned companies are subsidiaries of the Company of which Mr. MCGINNIS oversees the management. He was named executive vice president and chief financial officer of MAN Group in February 2016. As the chief financial officer, he is responsible for MAN's worldwide finance, accounting and internal audit functions. As a member of MAN's executive leadership team, Mr. MCGINNIS is engaged in supporting and developing the Company's business and finance strategies and driving operational performance across all geographies and business lines.

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

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

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

DIRECTORS (Continued)

Non-executive Directors (Continued)

Mr. ZHANG Yinghao (**張迎昊**), aged 45, was appointed as the Director on 28 August 2015 and was re-designated as the non-executive Director on 18 January 2019. He is the member of the remuneration committee, the nomination committee and the investment committee of the Company. He has also served as a director of a number of the Company's subsidiaries, ManpowerGroup Greater China (BVI) Limited, ManpowerGroup Greater China (HK) Limited and ManpowerGroup Solutions Holdings Hong Kong Limited, providing strategic guidance for the overall development of the Group. Mr. ZHANG has been serving as the managing director at CITIC Private Equity Funds Management Co., Ltd. (中信產業投資基金管理有限公司) ("CITICPE") since January 2011, a company that specialises in asset management, where he was primarily responsible for managing private equity investments in commercial service sector and the daily operations of the commercial services investment department. Mr. ZHANG is currently a director of CM Phoenix Tree Limited and CM Phoenix Tree II Limited, the Controlling Shareholders holding a total of 30.85% of the issued share capital of the Company. From August 2004 to 2009, Mr. ZHANG worked at China Life Insurance Co., Ltd. (中國人壽保險股份有限公司), a company specialising in insurance services, where he last served as the division manager in the investment management department. From January 2009 to December 2010, Mr. ZHANG served as the investment director at CITICPE, where he was primarily responsible for managing private equity investments in various sectors. From 2016 to 2017, Mr. ZHANG served as the director of BEST Inc., a company later listed on the NYSE (stock code: BSTI) and specialising in logistics and supply services in the PRC. Since November 2016, Mr. ZHANG has also served as the director of CIIC Guanaitong (Shanghai) Technology Co., Ltd. (中智關愛通(上海)科技股份有限公司), an employee benefit solutions provider listed on the National Equities Exchange and Quotations Co., Ltd. (stock code: 871282). Mr. ZHANG obtained a bachelor's degree in economic geography and urban and rural planning from Henan University (河南大學) in the PRC in July 1998. He also obtained a master's degree in management from The University of Lancaster in the United Kingdom in November 2001 and a master's degree in finance from The University of Manchester in the United Kingdom in November 2002.

Mr. ZHAI Feng (**翟鋒**), aged 54, was appointed as the Director on 28 August 2015 and was re-designated as the non-executive Director on 18 January 2019 and is primarily responsible for providing strategic guidance for the overall development of the Group. He is the member of the audit committee of the Company. Mr. ZHAI has been serving as the managing director and the head of the investment management department at CITICPE since January 2013, an asset management company, where he is primarily responsible for management and operation related matters after investments.

He currently serves as the non-executive director of Yonghe Medical Group Co., Ltd. (stock code: 2279), a company listed on the Main Board of the Stock Exchange since December 2021.

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

DIRECTORS (Continued)

Independent non-executive Directors

Mr. Thomas YEOH Eng Leong (楊永亮), aged 59, was appointed as the independent non-executive Director on 15 March 2019. He is the chairman of the remuneration committee of the Company and the member of the audit committee and the nomination committee of the Company. Mr. YEOH is responsible for providing independent advice to the Board. Mr. YEOH has over 27 years of experience in public service, private sector and capital markets. Since January 2010, he has served as the director of corporate development at Phillip Securities Pte Ltd., a retail stock broker in Singapore, where he was primarily responsible for business development. Prior to taking up his current position, he worked at Economic Development Board of Singapore and was promoted as the regional director (Europe) in April 1994. In September 1997, he was seconded to National Computer Board of Singapore as the director of industry and manpower development while he also served as the chief information officer at Economic Development Board of Singapore. In May 1998, he was appointed as the assistant chief executive (industry) at National Computer Board of Singapore. In January 2000, he joined WPV/SA/NSTB Fund as the general partner, a fund established by Warburg Pincus and National Science and Technology Board of Singapore focused on IT investment in Singapore. In August 2000, Mr. YEOH was appointed as the non-executive director of Boardroom Limited, a professional business services provider listed on the Singapore Exchange (stock code: B10), and served as its managing director and chief executive officer from January 2003 to September 2006. Mr. YEOH obtained a bachelor's degree in engineering from University of Malaya in Malaysia in August 1986, and master's degree in business administration from The City University of London in the United Kingdom in April 1995.

Ms. WONG Man Lai Stevie (黃文麗), aged 52, was appointed as the independent non-executive Director on 15 March 2019. She is the chairman of the nomination committee of the Company and the member of the audit committee and remuneration committee of the Company. Ms. WONG is responsible for providing independent advice to the Board. Ms. WONG has over 29 years of experience in management, marketing and sales, operations and product innovation. From September 2017 to October 2019, she served as chief executive officer, Greater China at Inchcape Hong Kong Limited, a distributor and retailer in the premium and luxury automotive sectors. Since November 2019, Ms. WONG joined L'Oreal Group, a world leader in the Beauty Industry, as general manager. From July 1992 to June 2013, she worked at Procter & Gamble Company, a global fast moving consumer goods group listed on the New York Stock Exchange (stock code: PG), holding positions including assistant brand manager, brand manager, marketing director, general manager and vice president. From October 2013 to March 2017, she served as the chief executive officer at Water Oasis Group Limited, a beauty services and product provider listed on the Main Board of the Stock Exchange (stock code: 1161). Ms. WONG obtained a bachelor's degree of business administration in marketing from The Chinese University of Hong Kong in December 1992.

Mr. Victor HUANG (黃偉德), aged 50, was appointed as the Company's independent non-executive Director on 15 March 2019. He is the chairman of the audit committee of the Company and the member of the remuneration committee and nomination committee of the Company. Mr. HUANG is responsible for providing independent advice to the Board.

Mr. HUANG has over 28 years of experience in finance, accounting and transaction services. He joined PricewaterhouseCoopers in Hong Kong in January 1993 and became its partner in July 2005. From July 2014 to August 2017, he served as partner at KPMG in Hong Kong. From February 2020 to November 2020, he served as an independent non-executive director of China Bright Culture Group, a company listed on the Main Board of the Stock Exchange (stock code: 1859). From December 2018 to December 2020, he served as an independent non-executive director of Trinity Limited (in liquidation), a company listed on the Main Board of the Stock Exchange (stock code: 891). From November 2020 to November 2021, he served as an independent non-executive director of Evergrande Property Services Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 6666).

DIRECTORS (Continued)

Independent non-executive Directors (Continued)

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

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

DIRECTORS (Continued)

Independent non-executive Directors (Continued)

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

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

SENIOR MANAGEMENT

Mr. CUI Zhihui (**崔志輝**), aged 45, served as the Group's chief financial officer from January 2016 to October 2021. He has been appointed as an executive Director and the chief executive officer of the Company with effect from 31 March 2021. For Mr. CUI's biography, please refer to the paragraph "Executive Directors" in this section.

Mr. TANG Jiayi (**湯佳一**), aged 45, has been appointed as the Group's chief financial officer and is responsible for managing mergers and acquisition, investors relations, finance and legal functions with effect from 15 October 2021. He has extensive experience in finance management. Prior to joining the Company, he had been a partner of Tongyuan Tech Co., Ltd, a leading bio-tech company with a focus on medical food development. From July 2012 to April 2020, Mr. TANG had been serving as the Finance Director, Asia Pacific in Genus Plc (a company listed on the London Stock Exchange, stock code: GNS.L), a world leader in animal genetics. From September 2007 to July 2012, Mr. TANG had served as the North Asia Finance Controller of Power Quality Division of Eaton Corporation (a company listed on the New York Stock Exchange, stock code: ETN). From January 2004 to April 2007, Mr. TANG had worked in Ewing Management Group, formerly known as Carlyle Management Group, a United States private equity firm and its portfolio company Key Safety Systems, which is a leading automotive safety system provider. In particular, from January 2004 to October 2005, Mr. TANG had served as the Plant Controller and then the Asia Finance Manager in Key Safety Systems. From November 2005 to April 2007, Mr. TANG had served as the Investment Associate in Ewing Management Group. Prior to working in Ewing Management Group, from December 2002 to December 2003, Mr. TANG had served as the Finance Department Manager in IVY Chemical Co., Ltd, a market leader of oil painting in Eastern China. From October 1998 to November 2002, Mr. TANG had been an auditor of Deloitte Shanghai office.

Mr. TANG obtained a master's degree in Master of Business Administration from the ENPC SIMBA program and a bachelor's degree in Economics from the International Business College of Shanghai University. Mr. TANG was admitted as a Certified Public Accountant of People's Republic of China in 2000.

JOINT COMPANY SECRETARIES

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

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

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (version up to 31 December 2021) contained in Appendix 14 to the Listing Rules as its own code on corporate governance since the Listing and has complied with the code provisions sets out in the Corporate Governance Code throughout the Reporting Period.

On 1 January 2022, the amendments to the Corporate Governance Code (the "New CG Code") came into effect and the requirements under the New CG code will apply to corporate governance reports for financial year commencing on or after 1 January 2022. The Board will continue to review and enhance its corporate governance practice of the Company to ensure compliance with the New CG Code and align with the latest developments.

THE BOARD OF DIRECTORS

Board composition

As at the date of this report, the Board consists of one executive Director, namely Mr. CUI Zhuihui, four non-executive Directors, namely Mr. Darryl E GREEN, Mr. John Thomas MCGINNIS, Mr. ZHANG Yinghao and Mr. ZHAI Feng and three independent non-executive Directors, namely Mr. Thomas YEOH Eng Leong, Ms. WONG Man Lai Stevie and Mr. Victor HUANG. An updated list of the Directors and their roles and functions is published on the websites of the Stock Exchange and the Company, respectively. Their names and biographical details are set out in the "Biographies of Directors and Senior Management" section of this report. The overall management and supervision of the Company's operation and the function of formulating overall business strategies were vested in the Board. There are no financial, business, family or other material relationships among members of the Board.

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

Directors' responsibilities

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

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

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

THE BOARD OF DIRECTORS (Continued)

Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by Mr. Darryl E GREEN and Mr. YUAN Jianhua respectively from 1 January 2021 to 31 March 2021 and Mr. Darryl E GREEN and Mr. CUI Zhihui respectively from 31 March 2021 to 31 December 2021. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and daily management and operations generally.

Delegation by the Board

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

Directors' responsibilities for financial statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group for the year ended 31 December 2021 in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Group on a going concern basis.

Independent non-executive Directors

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

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

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

Confirmation of independence

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

THE BOARD OF DIRECTORS (Continued)

Board diversity policy

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

The Board comprises eight members, including one female independent non-executive Director. The Directors also have a balanced mix of knowledge, skills and experience, including overall management, information technology and investment etc. They obtained degrees in various majors including economics in accounting, business administration, commerce, economic geography and urban and rural planning and environmental engineering. The Board has three independent non-executive Directors with different industry backgrounds, representing more than one-third of the Board members. Furthermore, the Board has a wide range of age, ranging from 45 years old to 61 years old. The Company has taken and will continue to take steps to promote gender diversity at all levels of the Group, including but without limitation at the Board and senior management levels. Taking into account the business model of the Group and its specific needs as well as the presence of one female Director out of a total of eight Board members, the Directors consider that the composition of the Board satisfies the board diversity policy.

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

Appointment, re-election and removal of Directors

The executive Director has entered into a service agreement with the Company for an initial term of three years commencing from 31 March 2021 unless terminated by not less than three months' notice in writing served by either party on the other. He is subject to retirement by rotation and re-election at the annual general meeting in accordance to the articles of association of the Company (the "Articles of Association").

Each of the non-executive Directors has entered into a letter of appointment with the Company for an initial term of three years commencing from the Listing Date. Each of the non-executive Directors has further entered into a revised letter of appointment with the Company for a term commencing on 9 September 2021 and ending on 9 July 2022 and shall thereafter continue to last for another period of three years unless terminated by not less than three months' notice in writing served by either party on the other. All non-executive Directors are subject to retirement by rotation and re-election at the annual general meeting in accordance to the Articles of Association.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of one year commencing from the Listing Date. Each of the independent non-executive Directors has further entered into a revised letter of appointment with the Company for a term of one year from 9 September 2021 unless extended pursuant to mutual agreement between the Company and the independent non-executive Director or terminated by not less than three months' notice in writing served by either party on the other. All independent non-executive Directors are subject to retirement by rotation and re-election at the annual general meeting in accordance to the Articles of Association.

THE BOARD OF DIRECTORS (Continued)

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

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

The Articles of Association also provides that any Director appointed by the Board to fill a casual vacancy or as an additional to the Board shall hold office only until the next following general meeting and shall then be eligible for reelection at such meeting.

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

None of the Directors who are proposed for election or re-election at the 2022 AGM has a service contract or appointment letter with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

During the Reporting Period, Mr. YUAN Jianhua resigned as an executive Director with effect from 31 March 2021.

At the annual general meeting of the Company held on 29 June 2021 (the "AGM"), Mr. Darryl E GREEN, Mr. ZHANG Yinghao, Mr. Thomas YEOH Eng Leong retired in accordance with the Article 16.19 of the Articles of Association and were re-elected as non-executive Directors at the AGM. Pursuant to Article 16.2 of the Articles of Association, Mr. CUI Zhihui, being a new Director appointed on 31 March 2021 held office until the conclusion of the AGM and being re-elected at the AGM.

Directors' training and professional development

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

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

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

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

THE BOARD OF DIRECTORS (Continued)

Directors' training and professional development (Continued)

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

	Seminar on regulations updates and corporate governance matters	Reading materials relating to regulatory update
Executive Directors		
Mr. CUI Zhihui (appointed on 31 March 2021)	✓	✓
Mr. YUAN Jianhua (resigned on 31 March 2021)	✕	✕
Non-executive Directors		
Mr. Darryl E GREEN	✓	✓
Mr. John Thomas MCGINNIS	✓	✓
Mr. ZHANG Yinghao	✓	✓
Mr. ZHAI Feng	✓	✓
Independent non-executive Directors		
Mr. Thomas YEOH Eng Leong	✓	✓
Ms. WONG Man Lai Stevie	✓	✓
Mr. Victor HUANG	✓	✓

Board Meetings

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

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

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

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

THE BOARD OF DIRECTORS (Continued)

Board meetings (Continued)

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

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

Attendance record of Directors

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

	Number of meetings attended/Number of meetings eligible to attend						
	AGM	Board	Audit Committee	Remuneration Committee	Nomination Committee	Investment Committee (established in December 2021)	Chairman meeting with Independent non-executive directors
Executive Directors							
Mr. CUI Zhihui (appointed on 31 March 2021)	1/1	5/5	N/A	N/A	N/A	0/0	N/A
Mr. YUAN Jianhua (resigned on 31 March 2021)	0/1	1/1	N/A	N/A	N/A	N/A	N/A
Non-executive Directors							
Mr. Darryl E GREEN	1/1	4/5	N/A	2/2	1/1	N/A	1/1
Mr. John Thomas MCGINNIS	1/1	5/5	2/2	N/A	N/A	0/0	N/A
Mr. ZHANG Yinghao	1/1	5/5	N/A	2/2	1/1	0/0	N/A
Mr. ZHAI Feng	1/1	5/5	2/2	N/A	N/A	N/A	N/A
Independent non-executive Directors							
Mr. Thomas YEOH Eng Leong	1/1	5/5	2/2	2/2	1/1	N/A	1/1
Ms. WONG Man Lai Stevie	1/1	5/5	2/2	2/2	1/1	N/A	1/1
Mr. Victor HUANG	1/1	5/5	2/2	2/2	1/1	N/A	1/1

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

BOARD COMMITTEES

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

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

Audit committee

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

The audit committee consists of two non-executive Directors, namely Mr. John Thomas MCGINNIS and Mr. ZHAI Feng and three independent non-executive Directors, namely Mr. Thomas YEOH Eng Leong, Ms. WONG Man Lai Stevie and Mr. Victor HUANG. Mr. Victor HUANG has been appointed as the chairman of the audit committee, and is an independent non-executive Director with the appropriate professional qualifications.

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

BOARD COMMITTEES (Continued)

Audit committee (Continued)

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

During the Reporting Period, the audit committee held two meetings with the senior management and external auditor of the Company in March and August 2021 respectively. The agenda of which is set out as following:

- reviewing annual results of 2020 and 2020 annual report, interim results of 2021 and 2021 interim report;
- reviewing and discussing the risk management and internal control systems and opinion of independent auditor;
- reviewing the continuing connected transactions during the year ended 31 December 2020 and 6 months ended 30 June 2021; and
- reviewing the independence of external auditor of the Company and considering the re-appointment of external auditor of the Company.

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

Remuneration committee

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

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

During the Reporting Period, the remuneration committee held two meetings to review the remuneration structure of the Directors and senior management of the Group and appraisal system of the key positions of the Group and discuss the proposed grant of share options and adoption of restricted share units scheme (the "RSU scheme"). The remuneration committee also discussed and recommended the Board the remuneration of the new executive Director. The attendance record of individual Directors of the remuneration committee meetings is set out on page 32 of this report. Details of the remuneration payable to each Director for the year ended 31 December 2021 are set out in note 11 to the consolidated financial statements on page 142 of this report.

BOARD COMMITTEES (Continued)

Remuneration committee (Continued)

Remuneration payable to members of senior management

Pursuant to code provision B.1.5 of the Corporate Governance Code, the annual remuneration of members of the senior management by band for the year ended 31 December 2021 is set out below:

	Number of members of senior management
Nil to RMB1,000,000	1
RMB6,000,001 to RMB 6,500,000	1
	2

Nomination committee

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

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

During the Reporting Period, the nomination committee convened one meeting in March 2021. The agenda of which is set out below:

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

BOARD COMMITTEES (Continued)

Nomination committee (Continued)

Nomination policy

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

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

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

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

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

BOARD COMMITTEES (Continued)

Investment committee

The investment committee was established on 9 December 2021 for the purpose of, among others, considering potential investment projects and handling investment affairs of the Company. The primary duties of the investment committee are to provide market expertise and make recommendations to the Board on the investment project and asset allocation of the Company.

The investment committee consists of three members, two non-executive Directors, namely, Mr. John Thomas MCGINNIS and Mr. ZHANG Yinghao, and one executive Director, namely, Mr. CUI Zhihui. Mr. MCGINNIS has been appointed as the chairman of the investment committee.

During the period from the date of establishment of the investment committee and to 31 December 2021, the investment committee has not convened any meeting. The investment committee will hold at least one meeting a year going forward.

FINANCIAL REPORTING SYSTEM, RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Financial reporting system

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

The work scope and reporting responsibilities of Deloitte Touche Tohmatsu, the Company's external auditor, are set out in the "Independent Auditor's Report" on pages 95 to 99 of this report.

Risk management and internal control system

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

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

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

Risk management and internal control system (Continued)

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

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

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

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

- has maintained a list of employees and personnel that may have access to or possess inside information of the Company when preparing the Company's financial reports;

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

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

During the Reporting Period, the Group has also enhanced its control on cash management and treasury cycle in China and Hong Kong region by implementing a revised petty cash policy and measurement.

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

AUDITOR'S REMUNERATION

The Company appointed Deloitte Touche Tohmatsu as the external auditor for the year ended 31 December 2021. A statement by Deloitte Touche Tohmatsu about their reporting responsibilities for the financial statements is included in the Independent Auditor's Report on pages 97 to 99 of this report.

For the year ended 31 December 2021, the remunerations payable to Deloitte Touche Tohmatsu in respect of its audit services and non-audit services are approximately RMB2.8 million and RMB1.0 million respectively. The amount for 2021 non-audit services consisted mainly of reviewing the group's interim result. The audit committee of the Company was satisfied that the non-audit services in 2021 did not affect the independence of the auditor.

JOINT COMPANY SECRETARIES

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

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

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engages an external service provider, Ms. TSUI Sum Yi, to provide secretarial service. Her primary contact person at the Company is Ms. GAO.

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

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

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

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

Putting forward proposals at general meeting

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

SHAREHOLDERS' RIGHTS (Continued)

Enquiries to the Board

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

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investors relations and investors' understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through adequate communications, annual general meetings and other general meetings as well as the published disclosures submitted to the Stock Exchange's and the Company's official websites. During the Reporting Period, the AGM was held on 29 June 2021. The attendance records of the Directors at the general meeting are set out in the section headed "Board Meetings" on page 32 of this report. At the forthcoming annual general meeting, Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries.

CONSTITUTIONAL DOCUMENTS

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the Reporting Period.

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

Directors' Report

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of HR services. An analysis of the Group's revenue and operating results for the year ended 31 December 2021 by its principal activities is set out in note 5 to the consolidated financial statements of the Group on pages 133 to 138 of this report.

RESULTS

The results of the Group for the year ended 31 December 2021 are set out in the section headed "Management Discussion and Analysis" of this report and the consolidated statement of profit or loss and other comprehensive income of the Group on pages 100 to 101 of this report.

BUSINESS REVIEW

A review of the business of the Group, including an analysis of the Group's financial performance using key performance indicators and a discussion of likely future developments in the business of the Group, is set out in the section headed "Management Discussion and Analysis" on pages 6 to 19 of this report. In addition, discussions on the Group's environmental protection policies, performance and relationships with employees, customers, suppliers and major stakeholders is set out in the section headed "Environmental, Social and Governance Report" of this report. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2021 are set out in note 38 to the consolidated financial statements on page 187 of this report. An account of the Company's key relationships with its employees, customers and suppliers, please refer to the sections headed "Management Discussion and Analysis — Employees, Remuneration Policy and Training" and "Directors' Report — Major Customers and Suppliers" of this report. These discussions form part of the Directors' Report.

Principal risks and uncertainties

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

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

Compliance with the relevant laws and regulations

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

GEOGRAPHICAL ANALYSIS OF OPERATION

An analysis of the Group's revenue from operations by geographical locations of customers for the year ended 31 December 2021 is set out in note 5 to the consolidated financial statements.

PROPERTY AND EQUIPMENT

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

SHARE CAPITAL

Details of the issued shares of the Company during the year ended 31 December 2021 are set out in note 28 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES OF THE COMPANY

Details of the movement in the reserves of the Company during the Reporting Period are set out on page 187 of this report. In respect of Company, the amount of reserves available for distribution under the Companies Laws of the Cayman Islands as at 31 December 2021 was RMB0.7 billion.

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2021 and the state of the Group's financial position as at that date are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and the Consolidated Statement of Financial Position on pages 100 to 103 of this report.

DIVIDEND POLICY

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

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK$0.37 per Share (equivalent to RMB0.30 per Share) amounting to a total of HK$76.8 million (equivalent to RMB62.3 million) for the year ended 31 December 2021 (the "2021 Proposed Final Dividend"), representing approximately 45% of the Group's profit attributable to owners of the Company for the year ended 31 December 2021. The 2021 Proposed Final Dividend is subject to the approval of the Shareholders at the AGM to be held on Wednesday, 29 June 2022. The 2021 Proposed Final Dividend will be declared and paid in Hong Kong dollars.

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

DIRECTORS

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

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

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

Pursuant to Article 16.19 of the Articles of Association, Mr. John Thomas MCGINNIS, Mr. ZHAI Feng and Mr. Victor HUANG shall retire by rotation and being eligible, have offered for re-election at the forthcoming AGM to be held on Tuesday, 29 June 2022 (the "2022 AGM").

DIRECTORS' SERVICE CONTRACTS

The executive Director has entered into a service agreement with the Company for an initial term of three years commencing from 31 March 2021 unless terminated by not less than three months' notice in writing served by either party on the other. He is subject to retirement by rotation and re-election at the annual general meeting in accordance to the Articles of Association.

Each of the non-executive Directors has entered into a letter of appointment with the Company for an initial term of three years commencing from the Listing Date. Each of non-executive Directors has further entered into a revised letter of appointment with the Company for a term commencing on 9 September 2021 and ending on 9 July 2022 and shall thereafter continue to last for another period of three years unless terminated by not less than three months' notice in writing served by either party on the other. All non-executive Directors are subject to retirement by rotation and re-election at the annual general meeting in accordance to the Articles of Association.

DIRECTORS' SERVICE CONTRACTS (Continued)

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of one year commencing from the Listing Date. Each of the independent non-executive Directors has further entered into a revised letter of appointment with the Company for a term of one year from 9 September 2021 unless extended pursuant to mutual agreement between the Company and the independent non-executive Director or terminated by not less than three months' notice in writing served by either party on the other. All independent non-executive Directors are subject to retirement by rotation and re-election at the annual general meeting in accordance to the Articles of Association.

None of the Directors who are proposed for election or re-election at the 2022 AGM has a service contract or appointment letter with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

REMUNERATION OF THE DIRECTORS

Details of remuneration of the Directors during the Reporting Period are set out in note 11 to the consolidated financial statements.

None of the Directors has waived or agreed to waive any emoluments for the year ended 31 December 2021.

EMOLUMENT POLICY

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

NON-COMPETITION UNDERTAKINGS

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

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

RETIREMENT BENEFITS PLAN

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

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID EMPLOYEES

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

DISCLOSURE OF CHANGE IN DIRECTOR'S INFORMATION

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

- Mr. Victor HUANG was an independent non-executive director of Trinity Limited (in liquidation) (Stock Code: 00891) between 20 December 2018 and 31 December 2020. Trinity Limited (in liquidation) was ordered by the Supreme Court of Bermuda on 13 August 2021 to be wound up.

- Mr. ZHAI Feng has served as the non-executive director of Yonghe Medical Group Co., Ltd. (stock code: 2279), a company listed on the Main Board of the Stock Exchange since December 2021.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SHARE OPTION SCHEME

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

Details of the Share Option Scheme

(1) Purpose

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

(2) Participants

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

(3) The maximum number of Shares available for issue

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

SHARE OPTION SCHEME (Continued)

Details of the Share Option Scheme (Continued)

(4) The maximum entitlement of each participant

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

(5) Time of acceptance and exercise of option

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

(6) Subscription price for Shares

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

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

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

(iii) the nominal value of a Share.

(7) The duration of the Share Option Scheme

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

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

SHARE OPTION SCHEME (Continued)

Details of the share option granted

The following table sets forth the particulars of the movements of share options granted under the Share Option Scheme during the Reporting Period:

Grantees	Date of grant	Exercise price per Share (HK$)	Exercise period	Outstanding as at 1 January 2021	Changes during the year ended 31 December 2021: Granted (Note a)	Exercised	Cancelled	Transfer	Lapsed/ Forfeited	Outstanding as at 31 Dec 2021
Mr. CUI Zhihui (Executive Director)	20 Sep 2019 *(Note b)*	10.94	20 Sep 2022 – 20 Sep 2025	200,000	–	–	–	–	–	200,000
	8 April 2020 *(Note c)*	8.76	8 April 2022 – 8 April 2025	150,000	–	–	–	–	–	150,000
	8 April 2020 *(Note c)*	8.76	8 April 2023 – 8 April 2026	150,000	–	–	–	–	–	150,000
	9 April 2021 *(Note d)*	10.00	9 April 2022 – 9 April 2025	–	200,000	–	–	–	–	200,000
	9 April 2021 *(Note d)*	10.00	9 April 2023 – 9 April 2026	–	200,000	–	–	–	–	200,000
Mr. YUAN Jianhua (resigned on 31 March 2021) (Executive Director)	20 Sep 2019 *(Note b)*	10.94	20 Sep 2022 – 20 Sep 2025	400,000	–	–	–	–	(400,000)	–
	8 April 2020 *(Note c)*	8.76	8 April 2023 – 8 April 2026	400,000	–	–	–	–	(400,000)	–
Other Employees	20 Sep 2019 *(Note b)*	10.94	20 Sep 2022 – 20 Sep 2025	2,698,000	–	–	–	–	(460,000)	2,238,000
	8 April 2020 *(Note c)*	8.76	8 April 2022 – 8 April 2025	1,503,500	–	–	–	–	(242,000)	1,261,500
		8.76	8 April 2023 – 8 April 2026	1,503,500	–	–	–	–	(242,000)	1,261,500
	9 April 2021 *(Note d)*	10.00	9 April 2022 – 9 April 2025	–	1,729,000	–	–	–	(79,000)	1,650,000
	9 April 2021 *(Note d)*	10.00	9 April 2023 – 9 April 2026	–	1,729,000	–	–	–	(79,000)	1,650,000
Total				7,005,000	3,858,000	–	–	–	(1,902,000)	8,961,000

SHARE OPTION SCHEME (Continued)

Details of the share option granted (Continued)

Notes:

a. The closing price of the Shares immediately before the date on which the options were granted on 9 April 2021 was HK$10.0 per Share; and the closing price of the Shares immediately before the date the options were granted on 20 September 2019 and 8 April 2020 was HK$10.68 per Share and HK$8.8 per Share respectively.

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

c. The 50% of options shall be vested on 7 April 2022 and another 50% of options shall be vested on 7 April 2023 conditional upon fulfilment of the revised performance targets resolved by the Board on 9 April 2021.

d. The options shall be vested in two tranches. The 50% of the options (the "Tranche 1 options") shall be vested on 8 April 2022 and another 50% of the options (the "Tranche 2 options") shall be vested on 8 April 2023. The 25% of Tranche 1 options and Tranche 2 options shall be vested with no performance targets and 75% of Tranche 1 options and Tranche 2 options shall be vested conditional upon fulfilment of the performance targets based on the growth rate of the Company's audited revenue or adjusted net profit. The estimated fair values of the options granted on 9 April 2021 are approximately RMB5.4 million (equivalent to approximately HK$6.5 million). For the model used in determining the value of the options, please refer to note 29 to the consolidated financial statements on pages 161 to 162 of this report.

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

Save as disclosed above, no share options were granted or agreed to be granted under the Share Option Scheme during the Reporting Period.

RESTRICTED SHARE UNITS SCHEME

Details of the Restricted Share Unites Scheme

The Company has adopted a restricted share units scheme ("RSU Scheme") on 10 June 2021 (the "Adoption Date") with the major terms and details set out below:

(1) Purpose

The purpose of the RSU Scheme is to recognise and reward the participants for their contributions to the Group and attract, retain or otherwise maintain an on-going business relationship with the participants whose contributions are or will be beneficial to the long-term growth of the Group.

(2) Eligibility

Participants of the RSU Scheme include any full-time or part-time employee, director (including any executive or non-executive director) and officer of any member of the Group but excluding any excluded participant.

(3) Term

Subject to any early termination as may be determined by the Board pursuant to the terms of the RSU Scheme, the RSU Scheme shall be valid and effective for ten (10) years commencing on the Adoption Date.

RESTRICTED SHARE UNITS SCHEME (Continued)

Details of the Restricted Share Unites Scheme (Continued)

(4) Appointment of the Trustee

The Company has entered into the trust deed dated 10 June 2021 (the "Trust Deed") to appoint Unity Trust Limited as the trustee (the "Trustee") to assist with the administration of the RSU Scheme and the vesting of awards to be granted pursuant to the RSU Scheme. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Trustee is an independent third party.

Subject to compliance with the terms of the RSU Scheme, the Listing Rules, the memorandum and articles of association of the Company and other applicable laws, rules and regulations, the Company may at any time at its sole and absolute discretion (i) instruct the Trustee to purchase existing Shares (either on-market or off-market); and/or (ii) allot and issue new Shares to the Trustee for the purpose of satisfying the restricted share unit(s) ("RSU(s)") that are vested under the RSU Scheme. The Trustee shall hold any Shares so allotted, issued or purchased until such Shares are transferred to the grantees or to the nominee account in accordance with the terms of the RSU Scheme and the Trust Deed.

The Company shall procure that sufficient funds are provided to the Trustee to enable the Trustee to satisfy its obligation in connection with the administration of the RSU Scheme.

(5) Grant and acceptance

On and subject to the terms of the RSU Scheme and the Listing Rules, the Board may at any time during the term of the RSU Scheme make an offer of the grant of award to any participant of such number of RSUs as the Board may in its absolute discretion determine. The Board will notify any selected participant and specify in the grant letter (i) the name of the selected participant; (ii) the manner of acceptance of the award; (iii) the number of RSUs granted and the number of underlying Shares represented by such RSUs; (iv) the vesting schedule and vesting conditions (if any); and (v) such other terms and conditions of the grant as the Board shall determine.

A selected participant may accept an offer of grant of RSUs in such manner and within such period as set out in the grant letter. Upon acceptance of an offer, the selected participant would become a grantee under the RSU Scheme.

(6) Vesting

Subject to the terms of the RSU Scheme, the Board has the sole discretion to determine the vesting schedule and vesting conditions (including, without limitation, conditions as to performance criteria to be satisfied by the participant and/or the Group) for any grant of award to any participant, which shall be stated in the grant letter.

Within a reasonable time after the vesting conditions (if any) and schedule have been fulfilled or waived, the Board shall send a vesting notice to the relevant grantee setting out, inter alias, (a) the extent to which the vesting conditions (if any) and schedule have been fulfilled or waived; (b) the number of Shares (and, if so clearly specified in the grant letter by the Board in its entire discretion, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) the grantee will receive; (c) any trust arrangement of the Shares to be obtained by the grantee (if applicable); and (d) the lock-up arrangement or other restrictions for such Shares (if applicable).

Subject to the terms of the RSU Scheme and the grant letter, the RSUs which have vested shall be satisfied, within a reasonable period from the vesting date of such RSUs, by the Board directing and procuring the Trustee to transfer the Shares underlying the award (and, if so clearly specified in the grant letter by the Board in its entire discretion, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non – scrip distributions in respect of those Shares) to the grantee or to the nominee account.

RESTRICTED SHARE UNITS SCHEME (Continued)

Details of the Restricted Share Unites Scheme (Continued)

(7) Maximum number of underlying Shares

No RSU shall be granted pursuant to the RSU Scheme if as a result of such grant (assumed accepted), the aggregate number of Shares underlying all grants made pursuant to the RSU Scheme (excluding RSUs that have lapsed or been cancelled in accordance with the terms of the RSU Scheme) will exceed 2.5% of the number of Shares in issue from time to time.

(8) Rights attached to Awards

Neither the grantee nor the Trustee shall enjoy any right of a Shareholder by virtue of a grant of RSUs pursuant to the RSU Scheme, unless and until such Shares underlying the RSUs are actually issued or transferred to the grantee or the nominee account operated by the Trustee on behalf of the grantees (as the case may be) upon the vesting of the RSUs. The Board shall have the sole and absolute discretion to determine whether or not a grantee shall have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Shares underlying the RSUs.

For further details of the RSU Scheme, please refer to the announcements of the Company dated 10 June 2021 and 16 June 2021.

Details of the Restricted Share Units granted

On 10 June 2021, the Board approved the grant of an aggregate of 780,000 RSUs (the "2021 June RSU Awards") (representing 780,000 underlying Shares and amounting to approximately 0.38% of the issued share capital of the Company) to 35 selected participants (the "2021 Grantees") in accordance with the terms of the RSU Scheme as at the date of this report. The 2021 Grantees are not required to make any payment in respect of the 2021 June RSU Awards.

Among the 2021 June RSU Awards, (i) 130,000 RSUs (representing 130,000 underlying Shares) were granted to Mr. CUI Zhihui, the executive Director; and (ii) an aggregate of 270,000 RSUs (representing 270,000 underlying Shares) were granted to six selected participants, each of whom is a director of the subsidiaries of the Company.

On 9 September 2021, the Board further approved the grant of an aggregate of 91,105 RSUs (the "2021 September RSU Awards") representing 91,105 underlying Shares to four non-executive Directors and three independent non-executive Directors under the RSU Scheme to reward their devotion and commitment to the Company. The underlying Shares involved represent an aggregate of approximately 0.044% of the issued share capital of the Company. Accordingly, the Board does not consider that the grant of RSUs to the independent non-executive Directors would affect or hinder their independence pursuant to Rule 3.13(1) of the Listing Rules. The above Directors are not required to make any payment in respect of the RSUs granted.

RESTRICTED SHARE UNITS SCHEME (Continued)

Details of the Restricted Share Units granted (Continued)

Details of the RSUs granted and outstanding are as follows:

Name of grantees of RSUs	Date of Grant	Date of Vesting	Number of RSUs outstanding as of 1 January 2021	Granted during the year	Forfeited during the year	Number of RSUs outstanding as of 31 December 2021
Mr. CUI Zhihui (Executive Director)	10 June 2021	10 June 2024	–	130,000	–	130,000
Mr. Darryl E GREEN (Non-executive Director)	9 September 2021	9 September 2024	–	13,015	–	13,015
Mr. John Thomas MCGINNIS (Non-executive Director)	9 September 2021	9 September 2024	–	13,015	–	13,015
Mr. ZHANG Yinghao (Non-executive Director)	9 September 2021	9 September 2024	–	13,015	–	13,015
Mr. ZHAI Feng (Non-executive Director)	9 September 2021	9 September 2024	–	13,015	–	13,015
Mr. Thomas YEOH Eng Leong (Independent non-executive Director)	9 September 2021	9 September 2024	–	13,015	–	13,015
Ms. WONG Man Lai Stevie (Independent non-executive Director)	9 September 2021	9 September 2024	–	13,015	–	13,015
Mr. Victor HUANG (Independent non-executive Director)	9 September 2021	9 September 2024	–	13,015	–	13,015
Employees	10 June 2021	10 June 2024	–	650,000	(13,000)	637,000
			–	871,105	(13,000)	858,105

The 2021 June RSU Awards and 2021 September RSU Awards will be satisfied, upon the satisfaction or waiver (as the case may be) of all the relevant vesting conditions, by existing Shares to be acquired by the Trustee through on-market purchases. The Trustee has purchased 871,105 Shares as at the date of this report.

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

As at 31 December 2021, the interests or short positions of the Directors and chief executive of the Company and their associates in the Shares, underlying Shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") or required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Nature of interest	Number of Shares or underlying Shares[(1)]	Approximate percentage of shareholding
Mr. CUI Zhihui	Beneficial owner[(2)]	1,030,000 (L)	0.50%
Mr. Darryl E GREEN	Beneficial owner[(3)]	13,015 (L)	0.01%
Mr. John Thomas MCGINNIS	Beneficial owner[(4)]	13,015 (L)	0.01%
Mr. ZHANG Yinghao	Beneficial owner[(5)]	13,015 (L)	0.01%
Mr. ZHAI Feng	Beneficial owner[(6)]	13,015 (L)	0.01%
Mr. Thomas YEOH Eng Leong	Beneficial owner[(7)]	13,015 (L)	0.01%
Ms. WONG Man Lai Stevie	Beneficial owner[(8)]	13,015 (L)	0.01%
Mr. Victor HUANG	Beneficial owner[(9)]	13,015 (L)	0.01%

Notes:

(1) As at 31 December 2021, the Company issued 207,500,000 Shares. The letter (L) denotes the entity's long position in the relevant Shares.

(2) Represents Mr. CUI Zhihui's entitlement to receive up to 1,030,000 Shares pursuant to the exercise of options and the vesting of the awards granted to him under the Share Option Scheme and RSU Scheme, subject to the vesting schedule and conditions of those options and awards.

(3) Represents Mr. Darryl E GREEN's entitlement to receive up to 13,015 Shares pursuant to the vesting of the awards granted to him under the RSU Scheme, subject to the vesting schedule and conditions of those awards.

(4) Represents Mr. John Thomas MCGINNIS's entitlement to receive up to 13,015 Shares pursuant to the vesting of the awards granted to him under the RSU Scheme, subject to the vesting schedule and conditions of those awards.

(5) Represents Mr. ZHANG Yinghao's entitlement to receive up to 13,015 Shares pursuant to the vesting of the awards granted to him under the RSU Scheme, subject to the vesting schedule and conditions of those awards.

(6) Represents Mr. ZHAI Feng's entitlement to receive up to 13,015 Shares pursuant to the vesting of the awards granted to him under the RSU Scheme, subject to the vesting schedule and conditions of those awards.

(7) Represents Mr. Thomas YEOH Eng Leong's entitlement to receive up to 13,015 Shares pursuant to the vesting of the awards granted to him under the RSU Scheme, subject to the vesting schedule and conditions of those awards.

(8) Represents Ms. WONG Man Lai Stevie's entitlement to receive up to 13,015 Shares pursuant to the vesting of the awards granted to her under the RSU Scheme, subject to the vesting schedule and conditions of those awards.

(9) Represents Mr. Victor HUANG'S entitlement to receive up to 13,015 Shares pursuant to the vesting of the awards granted to him under the RSU Scheme, subject to the vesting schedule and conditions of those awards.

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

As at 31 December 2021, so far as is known to the Company, as recorded in the register required to be kept by the Company under section 336 of SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

Name of Shareholder	Nature of Interest	Number of Shares or underlying Shares (Note 1)	Approximate percentage of shareholding (Note 1)
Manpower Holdings, Inc.	Beneficial owner	41,539,168 (L)	20.02%
Manpower Nominees Inc.	Beneficial owner	34,960,220 (L)	16.85%
ManpowerGroup Inc. (Note 2)	Interest in controlled corporations	76,499,388 (L)	36.87%
CM Phoenix Tree Limited	Beneficial owner	64,015,263 (L)	30.85%
CM Phoenix Tree II Limited (Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%
CPEChina Fund II, L.P. (Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%
CITIC PE Associates II, L.P. (Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%
CITIC PE Funds II Limited (Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%
CITIC PE Holdings Limited (Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%
CLSA Global Investments Management Limited (Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%
CLSA B.V. (Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%
CITIC Securities International Company Limited (Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%
CITIC Securities Company Limited (Note 3)	Interest in controlled corporation	64,015,263 (L)	30.85%

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

Notes:

(1) As at 31 December 2021, the Company issued 207,500,000 Shares. The letter (L) denotes the entity's long position in the relevant Shares.

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

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

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

Save as disclosed above, as at 31 December 2021, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

CONTRACTS OF SIGNIFICANCE

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

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, revenue attributable to the Group's largest customer amounted to approximately 26% of the Group's total revenue and the Group five largest customers in aggregate accounted for less than 37% of the Group's revenue for the year.

During the Reporting Period, purchases attributable to the Group's largest supplier amounted to approximately 10% of the Group's total purchases and the Group five largest suppliers in aggregate accounted for less than 29% of the Group's total purchase for the year.

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

CONTINUING CONNECTED TRANSACTIONS

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

Trademark and proprietary product licensing

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

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

The annual caps of transactions contemplated under the Brand License Agreement would be RMB11,904,000, RMB16,430,000 and RMB22,181,000 for the years ended 31 December 2019, 2020 and 2021, respectively. For the year ended 31 December 2021, the aggregate royalty fees in respect of such licensing arrangement amounted to RMB9.3 million.

CONTINUING CONNECTED TRANSACTIONS (Continued)

Flexible staffing services provided to the MAN Group

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

The annual caps of transactions contemplated under the Master Services Agreement would be RMB4,765,000, RMB6,195,000 and RMB8,054,000 for the years ended 31 December 2019, 2020 and 2021, respectively. For the year ended 31 December 2021, the aggregate fees for the project-based services provided by the Group to the MAN Group amounted to RMB3.4 million.

Flexible staffing services provided by the MAN Group

During the ordinary course of business, the Group has been receiving project-based flexible staffing services from the MAN Group, which have arisen when certain customers of the Group have staffing needs in jurisdictions which the MAN Group operates and the MAN Group provides the relevant services to the Group to enable it to serve such customers. The fees payable by the Group in respect of such services are determined based on arm's length negotiations between the parties on the same pricing basis as the historical transactions, with reference to the pending expiration of certain current contracts with the Group's customers by 2019, the expected inflation and the estimated demand for related services arising from the existing projects in the coming three years. The annual caps of such transactions would be RMB657,000, RMB721,000 and RMB840,000 for the years ended 31 December 2019, 2020 and 2021, respectively. For the year ended 31 December 2021, the aggregate fees for services provided by the MAN Group amounted to RMB0.5 million.

Provision of information technology services

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

Provision of management coordination services

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

CONTINUING CONNECTED TRANSACTIONS (Continued)

Software licensing and maintenance services

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

Manpower Employment Outlook Survey ("MEOS") licensing

During the ordinary course of business, the MAN Group granted to the Group the use of MEOS, the market survey report in relation to global employment data and outlook published on a quarterly basis, for publicity and marketing purpose. Pursuant to the Master Services Agreement, MAN would grant the Group a non-exclusive license to continued use of MEOS. Such reports are commissioned by the MAN Group and prepared by third party contractors. The Group is charged by MAN at amounts representing the portion of the related costs for such market survey reports relevant to the Greater China region in which it operates. The transaction amounts for such arrangement are determined based on arm's length negotiations between the parties on the same pricing basis as the historical transactions. The annual caps of such transactions would be RMB129,000, RMB167,000 and RMB218,000 for the years ended 31 December 2019, 2020 and 2021, respectively. For the year ended 31 December 2021, the aggregate fees for services provided by the MAN Group amounted to RMB0.2 million.

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

Confirmation from independent non-executive Directors

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

Confirmations from the Company's independent auditor

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

CONTINUING CONNECTED TRANSACTIONS (Continued)

Confirmations from the Company's independent auditor (Continued)

The auditor has confirmed to the Board in writing that for the year ended 31 December 2021, the continuing connected transactions, which were entered into:

a. have received the approval of the Board;

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

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

d. have not exceeded the relevant announced cap amounts for the financial year ended 31 December 2021.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2021 are set out in note 35 to the consolidated financial statements.

The related party transactions set out in note 35 to consolidated financial statements include related party transactions disclosed under accounting standards and related party transactions which also constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The related party transactions in respect of the remuneration of Directors and chief executives of the Company constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The related party transactions in respect of the remuneration of key management personnel (other than directors and chief executives) of the Company did not fall under the definition of connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. Unless otherwise disclosed in this report, the Directors believe, all other related party transactions set out in note 35 to the consolidated financial statements do not fall within the definition of "connected transactions" or "continuing connected transactions" under Chapter 14A of the Listing Rules (as the case may be). The Company confirmed that it was in compliance with the disclosure requirements in Chapter 14A of the Listing Rules for the year ended 31 December 2021 or a waiver from such provisions has been obtained from the Stock Exchange.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF

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

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

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

SUFFICIENCY OF PUBLIC FLOAT

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

CHARITABLE DONATIONS

During the Reporting Period, the Group made a total of RMB100,000 for charitable and other donations (2020: RMB380,000).

CORPORATE GOVERNANCE

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

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out in the section headed "Financial Summary" on page 188 of this report.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2021 are set out in note 36 to the consolidated financial statements.

PERMITTED INDEMNITY

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

The Group has arranged appropriate insurance covering the potential legal actions against its Directors and Senior Management in connection with the discharge of their responsibilities for the year ended 31 December 2021.

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

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

During the Reporting Period, the trustee of the RSU Scheme purchased on the market an aggregate of 871,105 Shares, at prices ranging from HK$8.91 to HK$9.49 per share for an aggregate consideration of approximately HK$6,792,000. Save as disclosed above, the Group did not purchase, sell or redeem any of the listed securities of the Company during the Reporting Period.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

EQUITY-LINKED AGREEMENTS

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

MANAGEMENT CONTRACTS

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

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The 2022 AGM will be held on Wednesday, 29 June 2022. A notice convening the 2022 AGM will be published on the Company's website and the Stock Exchange's website and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course. For the purposes of determining the Shareholders' eligibility to attend, speak and vote at the 2022 AGM and the Shareholders' entitlement to the 2021 Proposed Final Dividend, the Register of Members will be closed as appropriate as set out below:

For determining the entitlement to attend, speak and vote at the 2022 AGM

The Register of Members will be closed from Friday, 24 June 2022 to Wednesday, 29 June 2022, 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 2022 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 23 June 2022.

For determining the entitlement to the 2021 Proposed Final Dividend

The Register of Members will be closed from Wednesday, 6 July 2022 to Monday, 11 July 2022, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the 2021 Proposed Final Dividend, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 5 July 2022.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2021 have been audited by Deloitte Touche Tohmatsu who will retire at the 2022 AGM. Deloitte Touche Tohmatsu, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of Deloitte Touche Tohmatsu as the auditor of the Company will be proposed at the 2022 AGM.

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

EVENTS AFTER THE REPORTING PERIOD

Important events which have occurred after 31 December 2021 are disclosed in note 38 to the consolidated financial statements.

On behalf of the Board
ManpowerGroup Greater China Limited
CUI Zhihui
Executive Director and Chief Executive Officer

Hong Kong, 30 March 2022

Environmental, Social and Governance Report

ABOUT THE REPORT

This is the third Environmental, Social and Governance ("ESG") report of ManpowerGroup Greater China Limited (the "Company", together with its subsidiaries, "the Group" or "ManpowerGroup"), highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 of the Listing Rules set out by The Stock Exchange of Hong Kong Limited. The Group has complied with all "comply or explain" provisions set out in the ESG Reporting Guide during the reporting period from 1 January 2021 to 31 December 2021 (the "Reporting Period").

Reporting Boundary

This report covers the Group's overall environmental and social performance of its human resources services, including flexible staffing, headhunting, recruitment process outsourcing, and other workforce solution operations in the People's Republic of China (the "PRC" or "Mainland China"), Hong Kong Special Administrative Region of the PRC ("Hong Kong") and Macau Special Administrative Region of the PRC ("Macau") and Taiwan[1] (collectively referred as "Greater China Region"), during the Reporting Period, unless otherwise specified.

Reporting Principles

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

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

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

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

[1] The offices included in scope included the Shanghai Xinmei office, Shanghai Jingan office, Shanghai Zhangjiang office, Suzhou office, Nanjing office, Changshu office, Beijing Office, Tianjin Office, Shenzhen office, Guangzhou office, Foshan Office, Chengdu Office, Dalian Office, Wuhan Yike Office, Wuhan Fanhai SOHO Office, Xian Offices, the Taiwan Offices (namely Kaohsiung, Luzhu, Taipei, Tainan, Taichung Offices), and the Hong Kong and Macau Offices (namely Wan Chai, Causeway Bay, Kwun Tong – Chong Yip Street, Kwun Tong – Kwun Tong Road and Macau Offices).

THE GROUP'S SUSTAINABILITY COMMITMENT

Governance Structure

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

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

The environmental impact of the Group was minimal due to its business nature. It was also reflected from the stakeholder assessment that environmental topics were less material than the social topics. Therefore, the Group has not set any environmental targets during the Reporting Period. The Board will regularly review its ESG performance and evaluate the necessity of setting ESG-related targets.

THE GROUP'S SUSTAINABILITY COMMITMENT (Continued)

Commitments and Missions on ESG

For more than 20 years the Group has embraced its corporate social responsibility as a core value. The Group advocates a three-dimensional sustainable development of society, economy, and environment, where environmentally friendly lifestyles are encouraged, employee's development are emphasised, and community investment and charity works are executed. The Group's continuous efforts in the promotion of sustainable development and raising awareness of such acts has made it a leader in ESG performance in the industry.

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

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

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

- Facilitating employment in the local community by providing consultation to the unemployed;
- Taking part in rebuilding and supporting schools and communities affected by the 2008 Sichuan Earthquake; and
- Giving opinions to governing departments on policy and research trends and partaking in different associations that give vocational guidance.

THE GROUP'S SUSTAINABILITY COMMITMENT (Continued)

Challenges and Development

Despite the on-going uncertainties regarding potential the ongoing COVID-19 pandemic, escalated regional conflicts, global political and economic outlook, the Group is cautiously optimistic of its resilience of the people and the robustness of its business model. To stay resilient amid uncertainties, the Group's strategy focalizes around (i) flexible staffing in Mainland China, (ii) transformation of the workforce technology platform and (iii) further investment in people and internal infrastructure.

The Group continues to see flexible staffing business as its major business development focus. During the Reporting Period, flexible staffing in Mainland China was bolstered by organic growth, strategic investment and potential merger and acquisition. The Group believes that with its global market leading position, it will continue to benefit from the industry growth. The Group has been expanding its market share in under-penetrated regions such as the southern, central and western China. Still, the Group continued to reinforce its market leading position in tier-one cities (Beijing, Shanghai, Guangzhou and Shenzhen) to gain more market share and achieve greater economies of scale. Besides, the Group has proactively expanded its business offerings to the SOE and financial services sector. Due to the widespread pandemic outbreak in Hong Kong, the Group remains cautious on its flexible staffing segment and focus will be placed on outdoor marketing/promotion business which is expected to be profitable to the region's performance in medium term. Going forward, the Group will actively explore merger and acquisition opportunities to strengthen its leadership position in the workforce solutions market.

The workforce technology platform ("職場+"科技平台) was launched in 2020. It utilises artificial intelligence and big data to provide recruitment, crowdsourcing and talent and human resources services to equip business with more comprehensive development capabilities. The workforce technology platform facilitates work processes under three major service areas, i.e. work, training, and life, to provide holistic services to clients and create synergy among different technology products. In 2022, the Group will reposition its collaborative recruiting platform and HR software as a service ("SaaS") product. Through providing its SaaS product to corporate clients and other HR service providers including the Group's alliance and invested companies, the Group's own client base will be enlarged. This also enhances productivity and improve cross-selling between different business lines. The Group targets to enhance diversity of its technology platform users and develop more suppliers of enterprise clients through expanding team capacity and strengthening business development of suppliers.

The Group sees its employees and associates as invaluable assets. It is committed to expanding its team capacity, fostering a productive and collaborative workplace, and ensuring each member of its team is held accountable. With increased attention brought to data protection and compliance, the Group has attached great importance in provision of data security training and upgrade of internal operating technology infrastructure. These measures secure a safe data environment for the Group's clients, associates and candidates.

THE GROUP'S SUSTAINABILITY COMMITMENT (Continued)

Memberships

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

- Beijing Human Resources Consulting Association
- Changshu Human Resources Service Industry Association
- Chengdu Human Resource Service Industry Association
- China Human Resources Association
- Guangdong Human Resource Management Association
- Shanghai Human Resources Consulting Association
- Shanghai Association of Foreign Investment
- Shanghai Pudong Association of Foreign Investment
- Shenzhen Human Resources Association
- Suzhou Human Resources Service Industry Association
- Shanghai Pudong Modern Service Industry Promotion Association
- Shanghai Jing'an Labor Association

Certification

The Group is also dedicated on delivering services that adhere to globally recognised standards. They have been accredited with the following certifications,

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

THE GROUP'S SUSTAINABILITY COMMITMENT (Continued)

Awards and Recognition

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

- 2020-2021 Outstanding ESG Enterprise – Hong Kong Economic Times
- 2021 Outstanding Recruitment Agency of the Year Award – CTgoodjobs
- 2021 iResearch Award – iResearch
- 2021 Top 100 Human Resources Service Brands – HRFlag
- 2021 Spark Awards Outsourcing & Recruitment – HRoot
- 2021 New Human Resources Pioneer – 36Kr
- 2021 China's Top 50 Human Resources Technology Influential Brands – HRTechChina
- 2021 China Digital Transformation Service Providers Top 100 – EqualOcean
- 2021 New Flag Award – HRFlag
- 2021 Annual Best Human Resources Comprehensive Service Organization – TopHR
- 2021 China Recruitment and Staffing Supplier Value Award White Collar & Service Industry – HR Excellence Center
- 2021 Top 3 in China's Headhunting Industry Ranking in 2021 – TopHR
- 2021 China's top HR technology influencer – HRTechChina

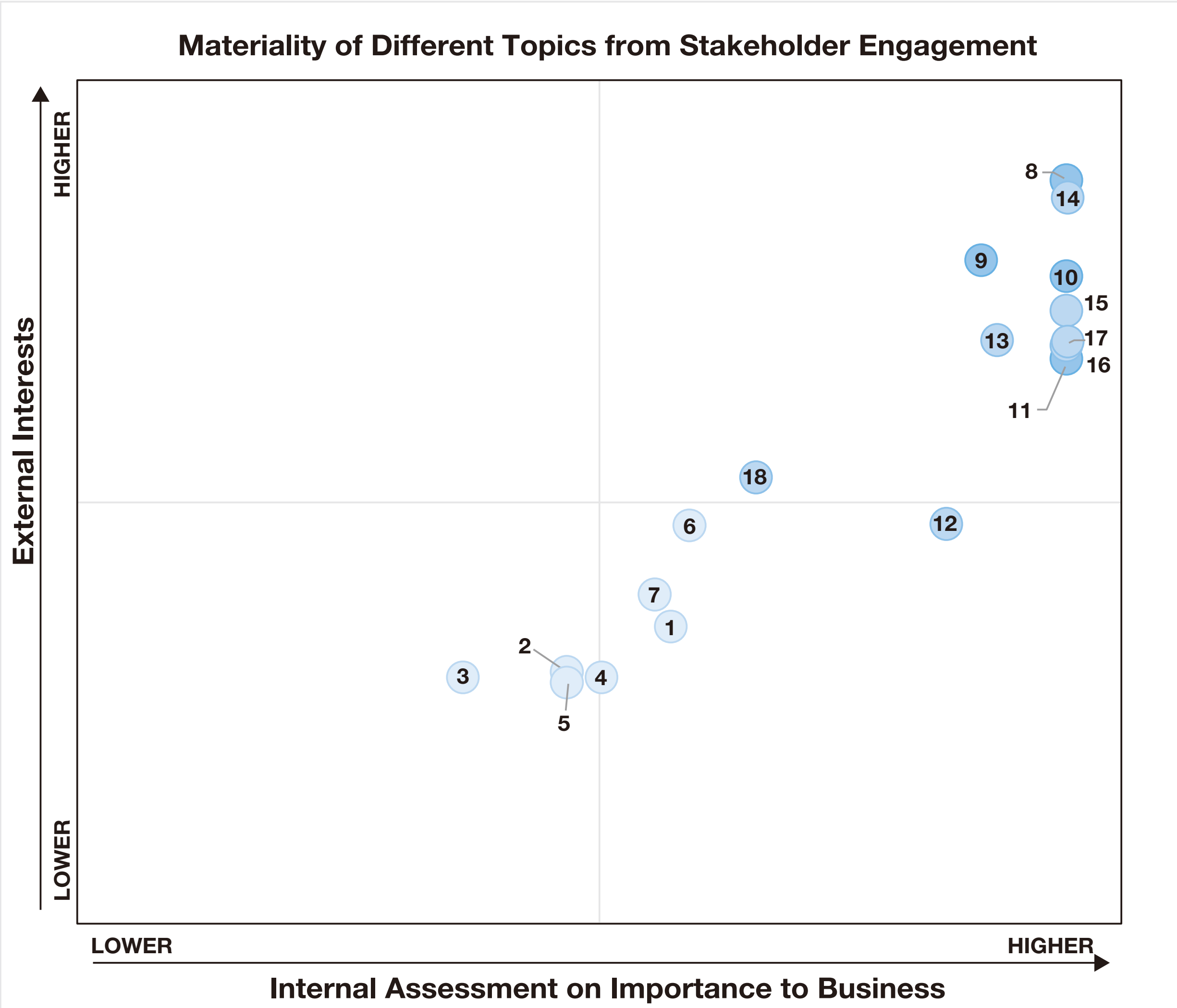
STAKEHOLDER ENGAGEMENT AND MATERIALITY

The Group values input from its stakeholders as they are important parts of the Group. Both internal and external stakeholders are regularly communicated with through various channels. The engaged stakeholders and the respective communication channels are listed below.

Stakeholder Groups	Communication Channels
Employees	– Meetings and conferences – Annual employee satisfaction surveys – Mentorship programme
Shareholders	– Annual Reports – Annual general meetings – Social media – Hotlines
Potential Talents	– Meetings – Interviews – Seminars
Clients	– Meetings – Seminars
Service providers	– Meetings – Seminars
Regulators	– Meetings and conferences – Consultation discussions
Media	– Annual Reports – Social media – Press release – Industrial conferences

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

STAKEHOLDER ENGAGEMENT AND MATERIALITY (Continued)



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

STAKEHOLDER ENGAGEMENT AND MATERIALITY (Continued)

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

1. Employment Policies
2. Data Protection
3. Development and Training
4. Occupational Health and Safety
5. Customer Service

Key Stakeholders	Most Concerned ESG Topics
DIRECTORS	Employment Policies, Development and Training, Labour Standards, Intellectual Property, Data Protection, Customer Service, Product/Service Quality, Anti-Corruption
SENIOR MANAGEMENT	Employment Policies, Development and Training, Labour Standards, Data Protection, Customer Service, Product/Service Quality, Anti-Corruption
SHAREHOLDERS	Data Protection, Employment Policies, Occupational Health and Safety, Development and Training, Community Investment
INTERNAL STAFF	Employment Policies, Occupational Health and Safety, Development and Training, Labour Standards, Supplier Management, Intellectual Property, Data Protection, Customer Service, Product/Service Quality, Anti-Corruption
ASSOCIATES	Energy, Water, Air Emissions, Water and Effluent, Other Raw Materials Consumption, Environmental Protection Measures, Employment, Occupational Health and Safety, Labour Standards, Intellectual Property, Data Protection, Customer Service, Product/Service Quality
POTENTIAL TALENTS	Employment Policies, Development and Training, Occupational Health and Safety, Labour Standards, Data Protection
CLIENTS	Data Protection, Customer Service, Anti-corruption, Employment Policies, Occupational Health and Safety, Intellectual Property

To address the material topics identified, the Group has improved its data protection infrastructure development and provided additional training after a design upgrade in 2020. It has also allocated additional human resources and created more employment opportunities in this division. Development and Training is a new material topic raised when compared to the last year. The Group provides holistic training for staff from frontline to management covering various topics. Details of the training are discussed in the relevant section below. The Group will continue to manage these key material aspects by establishing more policies and guidelines to further enhance the Group's ESG performance.

Stakeholders' Feedback

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

A. ENVIRONMENTAL

Due to the Group's business nature, the environmental impact of the Group is limited. This is reflected by the stakeholder engagement, where topics covering environmental aspect are significantly less material than those of social aspects. Given the above reasons, the Group has not set any environmental targets at this moment. Still, the Group abides by all environmental laws and regulations when applicable and takes steps to minimise its environmental footprint. The Group actively encourages its staff to take part in building a green work environment and be responsible for their impact on the environment, by following the main principles of reducing, reusing, recycling. In order to make constant improvements, waste and emissions management measures within the Group are constantly reviewed. Environmental performances of the Group's operation are constantly tracked and reviewed by the Board. The Group aims to set relevant targets after a more comprehensive performance database was built.

A1. Emissions

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

1.1 Air Emissions

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

1.2 Greenhouse Gas Emissions and Reduction Methods

During the Reporting Period, the Group did not own any vehicles and did not use machinery that would combust fuels. Air conditioning was managed by management companies of the respective office buildings where all its offices are located. Hence, the Group did not contribute to any direct emission as it did not combust fuel for energy. The Group's greenhouse gas emission (GHG) was therefore mainly contributed by its indirect emission from purchased electricity. Other indirect emissions sources were paper waste disposal and business air travel. The total amount of GHG emission for the Group during the Reporting Period was 863.55 tCO_2e, and the intensity was 0.65 tCO_2e/employee, and 0.06 tCO_2e/m^2.

Scope of GHG emissions	Emission sources	GHG Emission (in tCO_2e)	Sub-total (in tCO_2e)	Total GHG Emission (in %)
Scope 1 Direct emission [1]	Not applicable	0	0	0%
Scope 2 Energy indirect emission [2]	Purchased electricity [3]	778.40	778.40	90%
	Paper waste disposal [2]	31.44	85.15	10%
Scope 3 Other indirect emission	Business air travel [4]	53.71		
Total		863.55	863.55	100%

A. ENVIRONMENTAL (Continued)

A1. Emissions (Continued)

1.2 Greenhouse Gas Emissions and Reduction Methods (Continued)

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

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

Note 3: Emission factor was made with reference to the National Emission Factors for Mainland China, outlined by the Ministry of Ecology and Environment of the PRC in 2019, for operations in China. For operations in Hong Kong and Macau, emission factors referred to HKE, CLP, and CEM's 2020 Sustainability Report with accordance to the offices' location respectively. For operations in Taiwan, emission factor took reference from the Year 109 Electricity Emission Factor, published by the Bureau of Energy, Ministry of Economic Affairs in Taiwan.

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

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

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

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

1.3 Hazardous Waste

During the Reporting Period, the Group generated 1.29 tonnes of hazardous waste, with an intensity of 0.98 kg/employee. Such waste mainly consisted of old computers, fluorescent tubes, ink cartridges, used batteries, and other electronic waste. Such waste was separated from general waste and handed over to recognised recyclers or property management for proper handling, treatment and recycling, or disposal.

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

1.4 Non-hazardous Waste

During the Reporting Period, the Group generated 25.50 tonnes of non-hazardous waste, with an intensity of 19.24 kg/employee. Non-hazardous waste was composed of daily office waste, such as paper waste, food scraps and containers, and other daily waste. Out of all non-hazardous waste, 7.07 tonnes were recycled, which was around 28% of its waste produced; they were mainly cans and paper. Recyclable waste was collected and recycled by qualified waste treatment companies, while non-recyclable waste was handled by property management or cleaning companies for disposal or landfilling.

A. ENVIRONMENTAL (Continued)

A1. Emissions (Continued)

1.4 Non-hazardous Waste (Continued)

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

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

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

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

Recover
- Malfunctioning or broken office equipment and furniture

During the Reporting Period, the paper consumption was 6.55 tonnes. The Group has adopted the practice of signing employee contracts online, which has reduced the amount of paper usage. Along with its other paper reduction policies, the Group has achieved a reduction of paper consumption by 1% as compared to that of the previous year.

A2. Use of Resources and Efficiency Initiatives

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

2.1 Energy Consumption

The only kind of energy consumption was electricity usage for the Group's office operations, totalling 1,347,208 kWh during the Reporting Period. The overall average intensity was 1,017.53 kWh/employee and 88.03 kWh/m^2.

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

A. ENVIRONMENTAL (Continued)

A2. Use of Resources and Efficiency Initiatives (Continued)

2.2 Water Consumption

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

Water use in water closets of offices across the Group are all managed by management companies of the office building. Therefore, the Group cannot control what water saving measures are taken. Nevertheless, most buildings where the Group locates its offices in have installed flow and velocity controllers in washrooms of to reduce water consumption and wastage. There was no issue encountered in sourcing water that was fit for purpose.

2.3 Packaging Materials

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

A3. The Environment and Natural Resources

3.1 Significant Impacts of Activities on the Environment

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

A4. Climate Change

As an office-based company, climate change has not posed significant impact on the Group's business operation when compared to manufacturing companies. The Group has not formulated any policy regarding climate change. However, the Group's operation is prone to extreme weather events such as floods and typhoons. Extreme weather not only affects transportation systems, but also causes threats to employee safety and the Group's business operation. To minimise the potential adverse impacts associated with extreme weather, the Group focuses on enhancing internal technological infrastructure systems so that employees can work from home and provide full service amid extreme weather events. To minimise the financial implications extreme weather can cause, the Group has purchased property insurance and business interruption insurance to protect its properties against weather damage risks.

The Group keeps expanding its business and its client base. It will constantly explore climate-change opportunities that support its business growth.

B. SOCIAL

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

Employment and Labour Practices

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

B1. Employment

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

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

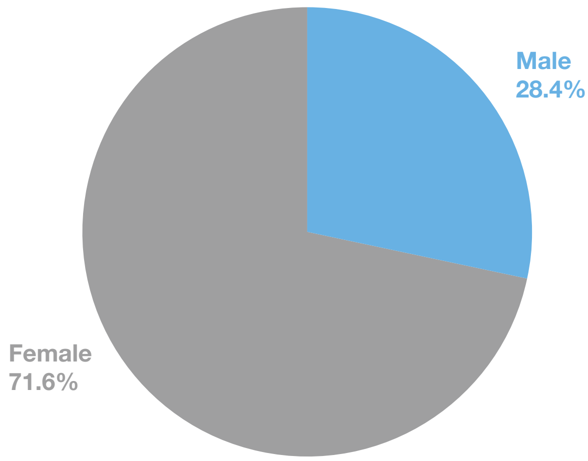
B. SOCIAL (Continued)

B1. Employment (Continued)

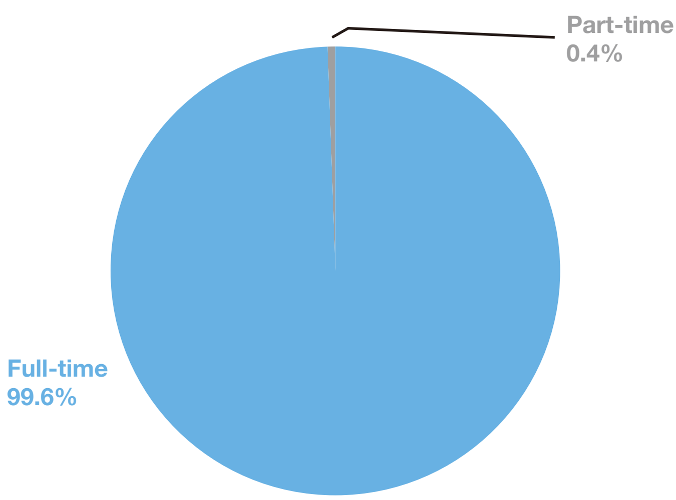
1.1 Employment Figures

As of 31 December 2021, the Group had a total of 1,324 formal employees (including 5 part-time employees and exclusive of associates).

WORKFORCE BY GENDER



WORKFORCE BY EMPLOYEE TYPE

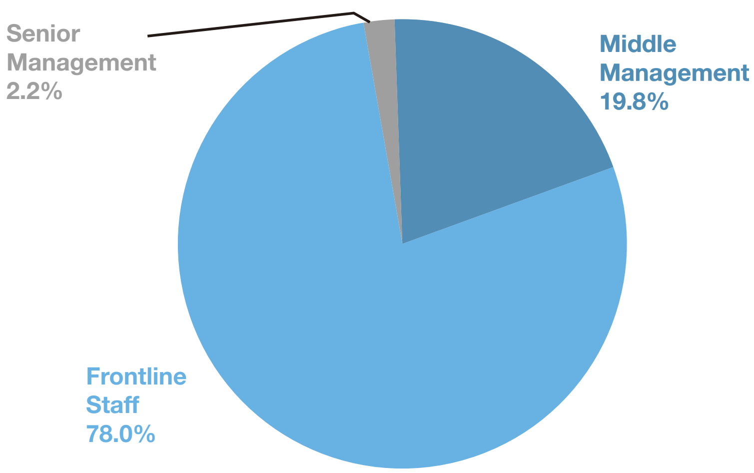


B. SOCIAL (Continued)

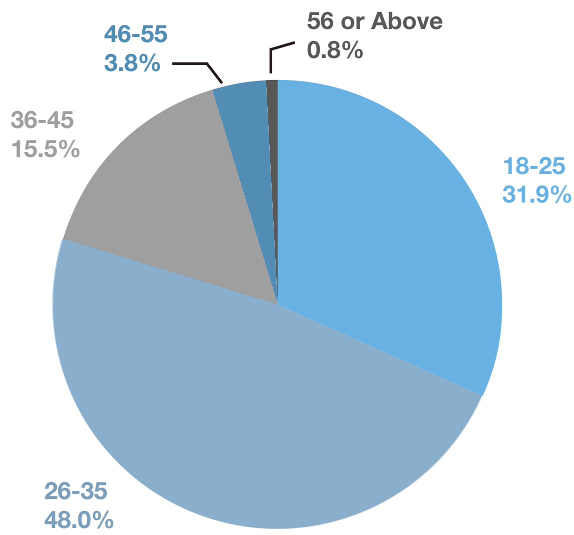
B1. Employment (Continued)

1.1 Employment Figures (Continued)

WORKFORCE BY EMPLOYEE CATEGORY



WORKFORCE BY AGE GROUP

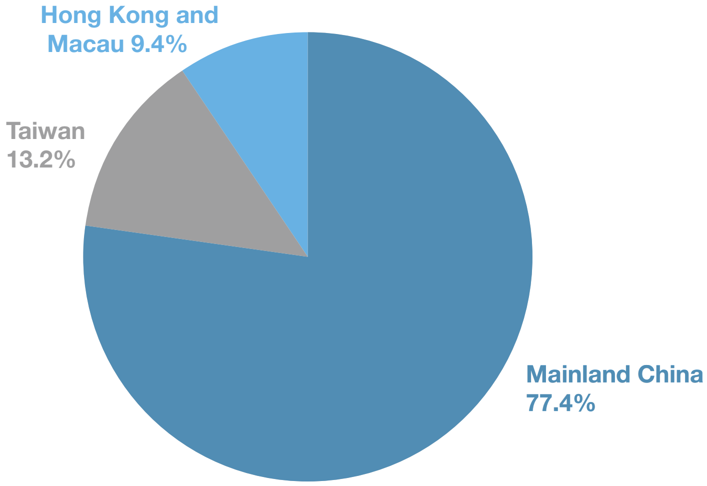


B. SOCIAL (Continued)

B1. Employment (Continued)

1.1 Employment Figures (Continued)

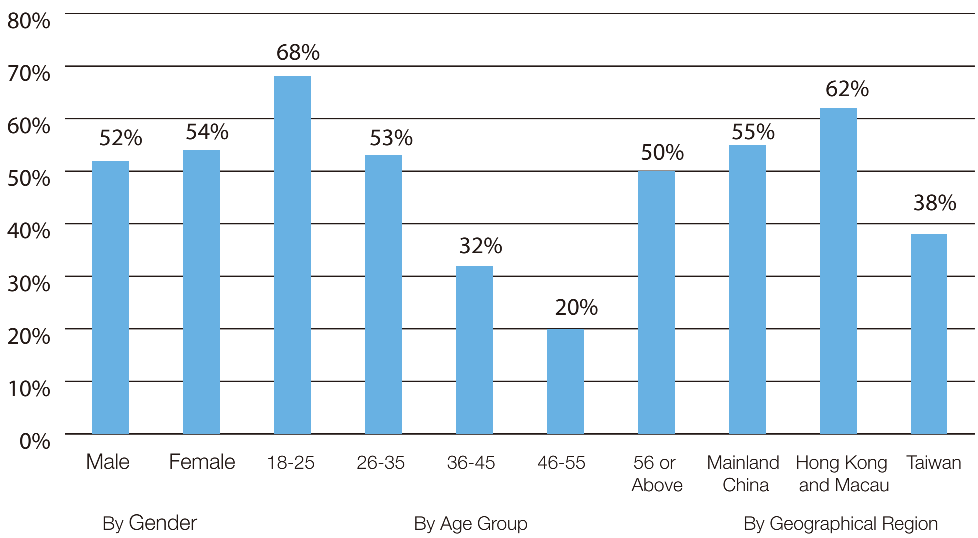
WORKFORCE BY GEOGRAPHIC REGION



1.2 Turnover Figures

As of 31 December 2021, a total of 704 formal employees left the Group (including 2 part-time employees and exclusive of associates). The overall turnover rate was 53%.

Employee Turnover Rates



B. SOCIAL (Continued)

B1. Employment (Continued)

1.3 Employee Compensation and Benefits

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

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

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

B. SOCIAL (Continued)

B1. Employment (Continued)

1.4 Employee Communication

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

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

1.5 Equal Opportunity and Anti-Discrimination

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

1.6 Attracting Talents

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

1.7 Creating Opportunities

The Group believes that everyone has a place in society and works to provide opportunities for these people to play their role. It also views this as an obligation of demonstrating social responsibility. Currently, there are 31 disabled persons, such as those who are partially sighted, or hearing impaired, employed by the Group.

B. SOCIAL (Continued)

B2. Employee Health and Safety

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

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

2.1 Employees' Personal Health [2]

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

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

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

There were no work-related fatalities occurred in the past three years including the Reporting Period. During the Reporting Period, no formal employees suffered from work-related injuries. Hence, there was no lost day due to work injury.

2.2 Working Environment Safety

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

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

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

B. SOCIAL (Continued)

B2. Employee Health and Safety (Continued)

2.3 COVID-19 Arrangement

Ever since the outbreak of the COVID-19, the Group had been highly cautious and closely following governmental guidelines. To monitor the most up-to-date situations of infection cases and release important information and guidelines to its employees, the Group had established a task force that consisted of core members and senior management of ManpowerGroup, whose priority was to identify and avoid any risks that would threaten the health of employees. Arrangements that the taskforce had made include,

- Work suspension
- Reduced business travels
- Regular disinfection in offices
- Body temperature monitoring
- Request for potential virus-exposure information from employees
- Strengthened health surveillance measures, such as, measuring body temperatures
- Provision of anti-virus supplies, such as surgical masks, sanitisers
- Adoption of online communication to reduce travelling and taking business trips
- Infection information monitoring in surrounding communities
- Close communication with authorities to obtain up to date information

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

B3. Development and Training

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

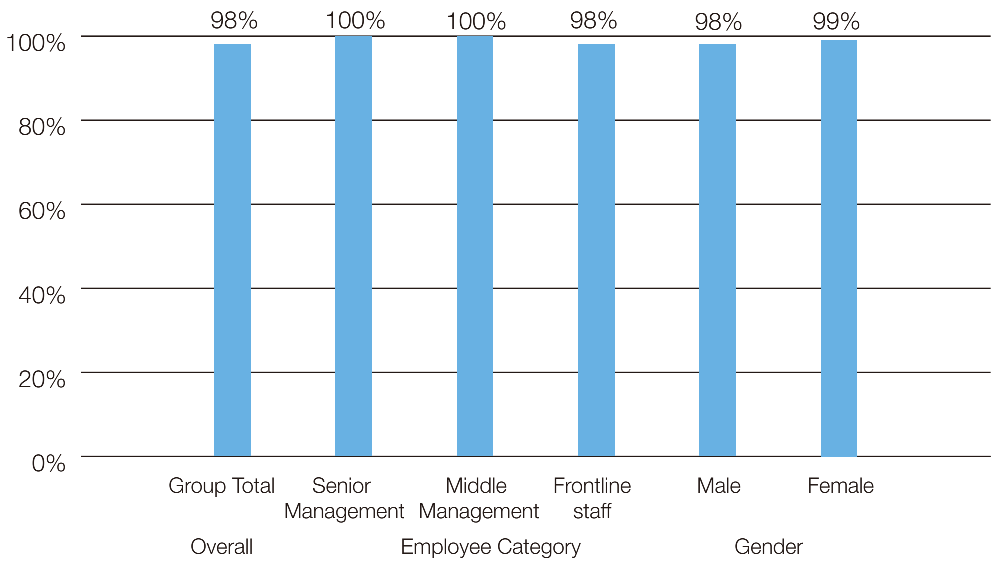
B. SOCIAL (Continued)

B3. Development and Training (Continued)

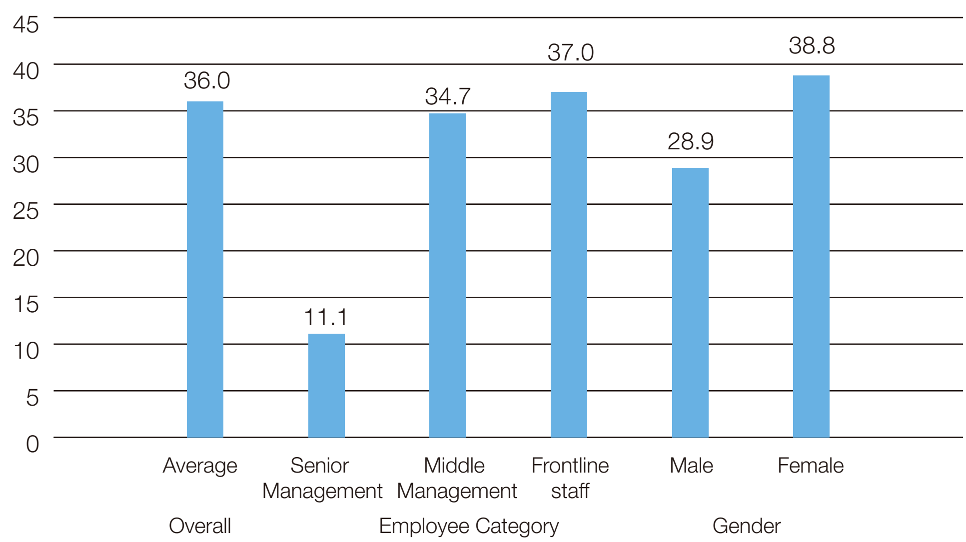
3.1 Employees Training

During the Reporting Period, the Group provided training for 98%[1] of its employees, each received an average of 36.0 hours of training[2]. The average training hours have increased by 2% when compared to that of last year.

Percentage of Employees Trained



Average Hours of Training Received by Each Employee



1 Percentage of employees who received training = Total number of employees who received training as of 31 December 2021 / Total number of employees as of 31 December 2021.

2 Average training hours per employee = Total number of training hours provided to employees / Total number of employees as of 31 December 2021.

B. SOCIAL (Continued)

B3. Development and Training (Continued)

3.2 Training for Formal Employees

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

Training Offered	Topic	Description	Target Group
New Staff Training	Orientation	Help new employees understand the Group's culture and products	New employees
	Career Path Training	Help employees understand their roles and responsibilities of their job positions	New/interested employees
	Bonding Camp	Help the batch of 2021 hires blend into their respective teams as soon as possible and improve their skills	Employees recruited in 2021
	Legal Compliance	Explain the terms of labour and business contracts in detail, point out important reminders, and usual procedure regarding legal compliance	New employees
	IT Systems	Familiarise employees with the office and business systems, and training platforms	New employees
Business Skills Training	Industry Know-how	Improve employees' competence and skill sets, and speed up integration into their corresponding teams	New staff in Flexible Staffing Department
	Advanced Business Skill	Further enhance employees' ability and capacity by delivering product training, analysing standard operation procedures, and scenarios sharing	Hiring, Customer Service, and Sales Roles
Generic Skills Enhancement Training	Studying and Applying knowledge	Improve employees' industry knowledge and cultural exchange	All employees
	Mind-mapping	Advice on ways to organise thoughts and improve thinking efficiency	All employees
	Public Speaking	Improve public speaking skills and fine tune delivery	Potential talents of each team
Development Training	Team Building	Improve bonds within and between departments, and boost cohesion	All employees
Leadership Training	Management Leadership Skills	Improve management communication and integrated leadership skills	Management

B. SOCIAL (Continued)

B3. Development and Training (Continued)

3.2 Training for Formal Employees (Continued)

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

3.3 Training for Associates

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

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

B4. Labour Standards

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

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

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

B. SOCIAL (Continued)

Operating Practices

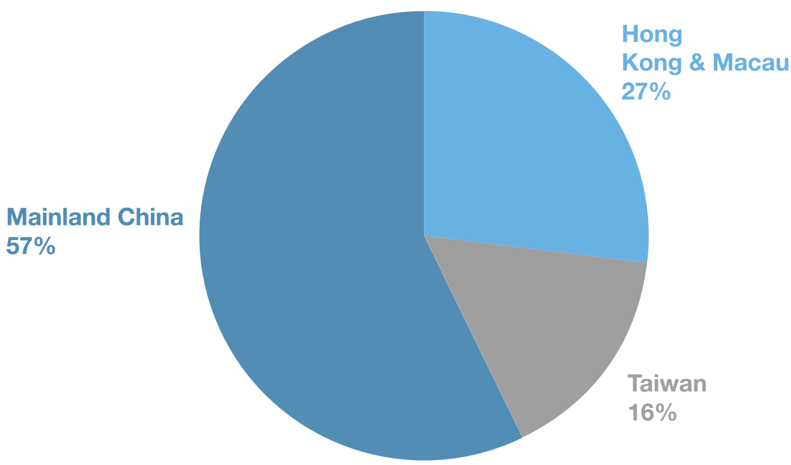
B5. Supply Chain Management

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

5.1 Number and Types of Suppliers

The Group engaged 1,548 suppliers during the Reporting Period. The Group usually partners with those that are near the Group's operations such that air emissions can be minimised if transport of supplies or services are necessary.

Suppliers by Geographic Region



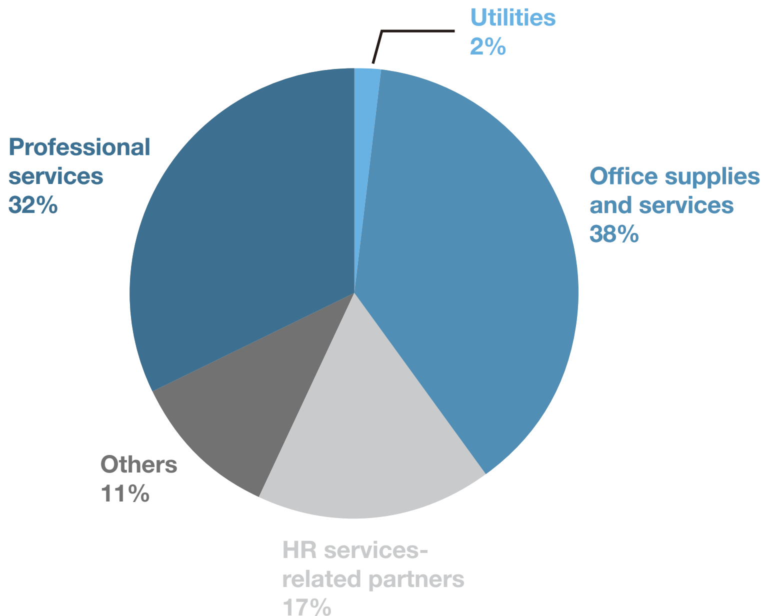
B. SOCIAL (Continued)

Operating Practices (Continued)

B5. Supply Chain Management (Continued)

5.1 Number and Types of Suppliers (Continued)

Types of Suppliers



Note: "Others" include suppliers that provide courier services, booking services, administrative affairs services and welfare-related services etc.

To assess and effectively manage the ESG commitments of its suppliers, the Group conducts different practices in procurement. When a new supplier is selected, its license, performance capacity, and compliance capacity are assessed and evaluated. For example, the Group might ask for a service license from staffing dispatching agents, or search on a supplier's website and the National Enterprise Credit Information Publicity System to check if it has violated any laws, been penalised, or been involved in any lawsuit, etc. The Group also gives preference to suppliers with ISO management system certification including the ISO 14001 Environmental Management System.

Once a potential supplier passes through the initial assessment, it must make ESG commitments based on the terms outlined by the Group in the supplier contract. The terms include, business conducts and moral standards of ManpowerGroup's business partner, and ManpowerGroup's requirement on business partners' enterprise social responsibility. Together, they involve terms regarding business integrity, and requirements asking for the fair treatment of employees, customers, clients, and the environment. Violating the terms of the supplier contract will be subjected to penalisation.

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

B. SOCIAL (Continued)

B6. Product Responsibility

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

Mainland China	Hong Kong	Taiwan
• Criminal Law • Advertising Law • Cyber Security Law • Provisions on Protecting the Personal Information of Telecommunications and Internet Users	• Personal Data (Privacy) Ordinance (Cap. 486) • Office of the Privacy Commission for Personal Data, Hong Kong • Trade Marks Ordinance (Cap. 559) • Patents Ordinance (Cap. 514) • Copyright Ordinance (Cap. 528)	• Trade Secret Law • Trademark Law • Patent Law • Copyright Law • Personal Data Protection Act

6.1 Quality Assurance

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

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

B. SOCIAL (Continued)

B6. Product Responsibility (Continued)

6.2 Communication and Customer Service

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

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

The Group also has 400 hotlines and a Quality Assurance (QA) Mailbox for receiving comments, compliments, or complaints. If complaints are received, they are reviewed by the QA department and will be followed up. During the Reporting Period, the Group received a total of 4 complaint cases. Two of the cases were related to candidates' dissatisfaction with the service provided by the Group's recruitment consultants. The Group has responded to the candidates and has strengthened internal training on communication skills of recruitment consultants. Two other complaints were related to a client's grievance against an underperformed temporary staff recruited by the Group and an employee's misunderstanding about the contract's welfare terms. The complaint cases had been resolved by replacing the underperformed staff and explaining to the staff about the contract terms. The Group listens to complaints with an open mind and strives to improve its services incorporating suggestions and advices from external parties. There were no products sold or shipped subject to recalls for safety and health reasons on account of the Group's business nature.

6.3 Information Security Management

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

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

B. SOCIAL (Continued)

B6. Product Responsibility (Continued)

6.3 Information Security Management (Continued)

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

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

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

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

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

B. SOCIAL (Continued)

B6. Product Responsibility (Continued)

6.4 Advertisement

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

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

6.5 Intellectual Property Rights

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

The Group has not been involved in any disputes or lawsuits regarding Intellectual Property Rights so far.

6.6 Operating During COVID-19

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

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

B. SOCIAL (Continued)

B7. Anti-corruption

The Group firmly prohibits bribery and corruption of any kind in connection with the Company's business. The Group holds a strong stance against the acceptance of any materials in return for a favour or unfair competition, and the use of deception for personal advantage. For the above reasons, the Group strictly follows laws and regulations such as the Anti-Monopoly Law of the PRC, Notice on Giving Full Play to Trial Functions and Combating Commercial Briberies of the PRC, Prevention of Bribery Ordinance (Cap. 201) of Hong Kong and the Anti-Corruption Act of Taiwan. Internal policies have also been established to effectively minimise the chances of misconduct. The whistleblowing channels were set out in the Fraud Reporting Policy and the Employee's Handbook.

During the Reporting Period, there was no concluded legal case regarding corrupt practices brought against the Group or its employees during the Reporting Period.

7.1 Prevention of Corruption

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

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

B. SOCIAL (Continued)

B7. Anti-corruption (Continued)

7.2 Whistle-blowing Policies

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

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

7.3 Anti-corruption Training

To maintain employees' vigilance against anti-corruption, the Group delivers compliance training to all employees every year regarding business behaviours, the Group's Code of Conduct and anti-corruption. During the Reporting Period, the Group has provided compliance training to 98% of its directors and staff. The average training hour on the topic of compliance was 1.1 hour/employee.

Every employee has the responsibility to strictly adhere to the Code of Conduct and safeguard the Group's integrity and reputation. The relevant laws and regulations, company policies, and notable past cases were explained and discussed. To ensure that the topics were well-understood and revised by every employee, an examination was arranged for the topic.

B. SOCIAL (Continued)

B8. Community Investment

The Group regards community investment as its duty as a responsible corporate citizen. The Group has a long history of putting great effort into two major areas of contribution: promotion in local employment and community caregiving. During the Reporting Period, the Group was awarded with Caring Company 15 Years Plus Logo during the Reporting Period, showing its effort in promoting corporate social responsibilities and inclusiveness.

8.1 Local Employment Promotion

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

The Group works with the Employment Promotion Platform to organise lectures and seminars, and provide career-related counselling and guidance on employment. Understanding that graduates from China have faced difficulties in securing a job amid the pandemic, the Group cooperated with Integrated Internship and Employment Promotion Platform and offered internship opportunities in reputable corporations to more than 300 graduates in China during the Reporting Period.

The Group also cares about the needs of the minorities in the community. In May 2021, the Group has sponsored the event, Life Driver Election 2020, in the name of "NursePower". The Life Driver Election 2020 is an election event organised by Hong Kong Rehabilitation Power which aims to recognise and commend the disabled workers of their dedication to work. Apart from sponsorship, the Group periodically provides employment consultancy and offers job opportunities to the members of Christian Action. The Group believes that its contribution helps the minorities to pursue their desired career.

B. SOCIAL (Continued)

B8. Community Investment (Continued)

8.2 Community Caregiving

In June 2021, the Group organised a "Speak out and Protect our Future" event with Shanghai Charity Foundation to raise public awareness on protection of children's right. With the launch of the revised Law on the Protection of Minors of the PRC, the Group has illustrated cartoons about the revised law and distributed the cartoons, together with other gifts to the guests during the event.

For the past 13 years, the Group has been donating money and supplies to a primary school in Ningqiang County in Shaanxi Province, neighbouring to Sichuan, which turned from a three-storey building to debris due to the 2008 Sichuan Earthquake. The Group's generous donations had allowed the school to obtain equipment for children to do sports, play puzzle games such as chess, go on the internet, and get the necessities for schooling, i.e., desks, computers, books, and a library. The Group donated a total of RMB100,000 to the primary school during the Reporting Period. In the past, the Group had also sponsored children to visit the World Expo, their parents who work near Shanghai, and world-renowned universities and architectures in Shanghai.

8.3 Professional Knowledge Sharing

During the Reporting Period, the Group participated in two conferences which allowed the Group to connect and share industrial trends and knowledge with the governing bodies, corporates and industrial associations.

The China Human Resources International Management Conference and Round Table Discussion 2021 has successfully ended in October 2021 in Wuxi City of Jiangsu. The event seeked to gather academic professionals and industrial experts to share development opportunities and strategies in the human resources industry. During the event, the Group's Vice President led the participants in brainstorming new opportunities and strategies in attracting and retaining talents, which help pave the way for the economic development of Wuxi City.

Conference on Quality Development of Human Resource Services ("the Conference") was held in October 2021 in Lishui, Zhejiang. The Conference focused on sharing industrial trends and ideas about the economic and social development of Lishui City. As one of the speakers at the conference, the Vice President of the Group shared his views and thoughts on "Human Resources Service and the Economic Development of Lishui City". This provided audiences insights about the role and importance of human resources in attaining economic development.

Independent Auditor's Report

Deloitte. 德勤

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

OPINION

We have audited the consolidated financial statements of ManpowerGroup Greater China Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 100 to 187, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill and trademarks with indefinite useful lives related to Event Elite Production and Promotion Limited	
We identified the impairment assessment of goodwill and trademarks with indefinite useful lives related to Event Elite Production and Promotion Limited ("Event Elite") as a key audit matter due to the significant degree of judgment by management of the Group associated with the underlying assumptions in the determination of the recoverable amounts. As disclosed in notes 4 and 17 to the consolidated financial statements, significant judgments were exercised by the management in determining assumptions and estimates involved in the forecasting of future cash flows, which form the basis of the impairment assessment of the goodwill and trademarks with indefinite useful lives of Event Elite. The key assumptions and estimation included discount rate and revenue growth rates which are dependent on macro and micro-economic factors and accordingly, the calculation of the value in use of the goodwill and trademarks with indefinite useful lives of Event Elite has a high degree of estimation uncertainty. Management performed an impairment assessment of the carrying amounts of these assets of Event Elite in accordance with the requirements of International Accounting Standard 36 *Impairment of Assets* and as disclosed in note 17 to the consolidated financial statements. The carrying amount (net of accumulated impairment losses, if any) of the goodwill and trademarks with indefinite useful lives of Event Elite were approximately RMB21,130,000 and RMB29,584,000, respectively, as at 31 December 2021.	Our procedures in relation to the impairment assessment of goodwill and trademarks with indefinite useful lives of Event Elite included: • Obtaining an understanding of management's process of impairment assessment and the methodology applied by management in performing its impairment test for goodwill and trademarks with indefinite useful lives related to Event Elite; • Involving our valuation experts to evaluate the valuation methodology and assess the reasonableness of the discount rates in the impairment assessment applied by management and benchmarked the discount rates applied to other comparable companies in the same industry; • Assessing the reasonableness of the assumed revenue growth rates applied in the cash flow projections approved by the management by comparing them with historical trends, expected development of COVID-19 pandemic, economic and industry forecasts; and • Analysing the historical accuracy of the cash flow projections, on a sample basis, by comparing them to the actual results in the current year and understanding the causes of any significant variances.

OTHER INFORMATION

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 March 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	NOTES	2021 RMB'000	2020 RMB'000
Revenue	5	**3,968,874**	3,222,631
Cost of services		**(3,330,640)**	(2,687,130)
Gross profit		**638,234**	535,501
Selling expenses		**(353,474)**	(302,348)
Administrative expenses		**(95,160)**	(70,874)
Other income	6	**12,432**	14,269
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	32b	**(9,942)**	(612)
Other gains and losses	7	**3,240**	(4,867)
Finance costs	8	**(2,851)**	(3,975)
Share of profit of associates		**3,159**	1,784
Profit before tax		**195,638**	168,878
Income tax expense	9	**(43,150)**	(34,991)
Profit for the year	10	**152,488**	133,887
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
Actuarial gains from remeasurement of defined benefit obligations, net of tax		**2**	340
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(20,600)**	(43,469)
Other comprehensive expense for the year, net of tax		**(20,598)**	(43,129)
Total comprehensive income for the year		**131,890**	90,758

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	NOTE	2021 RMB'000	2020 RMB'000
Profit for the year attributable to:			
Owners of the Company		**139,169**	126,357
Non-controlling interests		**13,319**	7,530
		152,488	133,887
Total comprehensive income for the year attributable to:			
Owners of the Company		**119,498**	82,600
Non-controlling interests		**12,392**	8,158
		131,890	90,758
Earnings per share	*14*		
Basic *(RMB)*		**0.67**	0.61
Diluted *(RMB)*		**0.67**	0.61

Consolidated Statement of Financial Position

At 31 December 2021

	NOTES	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property and equipment	15	14,573	15,025
Right-of-use assets	16	43,364	63,340
Goodwill	17	51,510	52,945
Other intangible assets	18	67,783	58,403
Interests in associates	19	25,906	31,807
Equity instruments at fair value through other comprehensive income ("**FVTOCI**")	20	9,705	9,705
Deferred tax assets	21	7,510	3,752
Other receivable	22	9,558	11,207
Deposits	22	18,930	18,983
Restricted bank deposits	24	8,657	9,143
Retirement benefit assets	30	440	438
		257,936	274,748
CURRENT ASSETS			
Trade and other receivables, deposits and prepayments	22	685,470	525,895
Amounts due from fellow subsidiaries	23	495	189
Financial assets at fair value through profit or loss ("**FVTPL**")	24	–	90,459
Restricted bank deposits	24	230	–
Time deposits with original maturity over three months	24	250,076	291,303
Bank balances and cash	24	795,349	677,908
		1,731,620	1,585,754
CURRENT LIABILITIES			
Trade and other payables	25	520,473	468,895
Contract liabilities	26	33,331	28,959
Lease liabilities	27	25,715	28,663
Amount due to ultimate holding company	23	10,208	9,135
Amounts due to fellow subsidiaries	23	465	844
Tax payables		29,208	14,843
		619,400	551,339

Consolidated Statement of Financial Position

At 31 December 2021

	NOTES	2021 RMB'000	2020 RMB'000
NET CURRENT ASSETS		1,112,220	1,034,415
TOTAL ASSETS LESS CURRENT LIABILITIES		1,370,156	1,309,163
NON-CURRENT LIABILITIES			
Deferred tax liabilities	21	21,127	16,479
Lease liabilities	27	19,255	36,279
		40,382	52,758
NET ASSETS		1,329,774	1,256,405
CAPITAL AND RESERVES			
Share capital	28	1,830	1,830
Reserves		1,252,550	1,189,362
Equity attributable to owners of the Company		1,254,380	1,191,192
Non-controlling interests		75,394	65,213
TOTAL EQUITY		1,329,774	1,256,405

The consolidated financial statements on pages 100 to 187 were approved and authorised for issue by the board of directors on 30 March 2022 and are signed on its behalf by:

CUI Zhihui
DIRECTOR

Victor HUANG
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Share held for restricted share unit scheme ("RSU Scheme") RMB'000	Share-based payments reserve RMB'000	Translation reserve RMB'000	Statutory reserve RMB'000 *(Note)*	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2020	1,830	867,526	–	352	2,881	35,429	249,641	1,157,659	61,416	1,219,075
Profit for the year	–	–	–	–	–	–	126,357	126,357	7,530	133,887
Actuarial gains from remeasurement of defined benefit obligations, net of tax	–	–	–	–	–	–	204	204	136	340
Exchange differences arising on translation of foreign operations	–	–	–	–	(43,961)	–	–	(43,961)	492	(43,469)
Total comprehensive (expense) income for the year	–	–	–	–	(43,961)	–	126,561	82,600	8,158	90,758
Recognition of equity-settled share-based payments *(note 29)*	–	–	–	2,117	–	–	–	2,117	–	2,117
Dividends paid to NCI shareholders	–	–	–	–	–	–	–	–	(4,361)	(4,361)
Dividends recognised as distribution *(note 13)*	–	(51,184)	–	–	–	–	–	(51,184)	–	(51,184)
Transfer to statutory reserve	–	–	–	–	–	3,490	(3,490)	–	–	–
At 31 December 2020	1,830	816,342	–	2,469	(41,080)	38,919	372,712	1,191,192	65,213	1,256,405
Profit for the year	–	–	–	–	–	–	139,169	139,169	13,319	152,488
Actuarial gains from remeasurement of defined benefit obligations, net of tax	–	–	–	–	–	–	1	1	1	2
Exchange differences arising on translation of foreign operations	–	–	–	–	(19,672)	–	–	(19,672)	(928)	(20,600)
Total comprehensive (expense) income for the year	–	–	–	–	(19,672)	–	139,170	119,498	12,392	131,890
Purchase of shares under RSU Scheme *(note 29(ii))*	–	–	(6,792)	–	–	–	–	(6,792)	–	(6,792)
Recognition of equity-settled share-based payments *(note 29)*	–	–	–	6,517	–	–	–	6,517	–	6,517
Dividends paid to NCI shareholders	–	–	–	–	–	–	–	–	(2,211)	(2,211)
Dividends recognised as distribution *(note 13)*	–	(56,035)	–	–	–	–	–	(56,035)	–	(56,035)
Transfer to statutory reserve	–	–	–	–	–	4,990	(4,990)	–	–	–
At 31 December 2021	1,830	760,307	(6,792)	8,986	(60,752)	43,909	506,892	1,254,380	75,394	1,329,774

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

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

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	2021 RMB'000	2020 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**195,638**	168,878
Adjustments for:		
Finance costs	**2,851**	3,975
Bank interest income	**(7,280)**	(9,595)
Dividend income	**(878)**	(975)
Depreciation of property and equipment	**5,828**	5,174
Depreciation of right-of-use assets	**29,985**	31,768
Amortisation of intangible assets	**2,550**	2,734
Loss on disposal of property and equipment	**335**	773
Net fair value change in financial assets at FVTPL	**(1,582)**	(3,001)
Net imputed interest on consideration receivables	**(649)**	1,633
Impairment losses under ECL model, net of reversal	**9,942**	612
Impairment loss on goodwill	**–**	7,726
Equity-settled share-based payments	**6,517**	2,117
Share of profit of associates	**(3,159)**	(1,784)
Operating cash flows before movements in working capital	**240,098**	210,035
Increase in trade and other receivables, deposits and prepayments	**(173,919)**	(25,062)
(Increase) decrease in amounts due from fellow subsidiaries	**(306)**	84
Increase in trade and other payables	**54,573**	115,058
Increase in contract liabilities	**4,478**	8,134
Increase (decrease) in amount due to ultimate holding company	**1,285**	(751)
(Decrease) increase in amounts due to fellow subsidiaries	**(379)**	106
Increase in retirement benefit assets	**–**	(85)
Cash generated from operations	**125,830**	307,519
Income tax paid	**(25,998)**	(34,969)
NET CASH FROM OPERATING ACTIVITIES	**99,832**	272,550
INVESTING ACTIVITIES		
Interest received	**7,280**	9,595
Dividend received	**878**	975
Purchases of property and equipment	**(5,750)**	(5,024)
Proceeds from disposal of property and equipment	**–**	66
Proceeds from disposal of other financial assets at FVTPL	**–**	20,297
Placement of structured deposits	**(150,402)**	(446,000)
Settlement of structured deposits	**242,443**	471,537
Placement of time deposits	**(348,067)**	(572,396)
Withdrawal of time deposits	**381,550**	264,365
Placement of restricted bank deposits	**–**	(29,600)
Withdrawal of restricted bank deposits	**–**	45,600
Repayment from fellow subsidiaries	**–**	597
Proceeds on disposal of an associate	**9,060**	–
Addition of investments in associates	**–**	(27,350)
Return of capital from an associate	**–**	1,599
Settlement of consideration receivables from disposal of subsidiaries	**2,298**	2,650
Development costs paid	**(12,883)**	(18,186)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**126,407**	(281,275)

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	2021 RMB'000	2020 RMB'000
FINANCING ACTIVITIES		
Interest paid	(2,851)	(3,975)
Advance from fellow subsidiaries	–	52
Repayment to fellow subsidiaries	–	(263)
Dividends paid to NCI shareholders	(2,211)	(4,361)
Dividends paid	(56,035)	(51,184)
Repayment of lease liabilities	(29,944)	(30,412)
Purchase of shares for RSU Scheme	(6,792)	–
NET CASH USED IN FROM FINANCING ACTIVITIES	(97,833)	(90,143)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	128,406	(98,868)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	677,908	806,967
Effect of foreign exchange rate changes	(10,965)	(30,191)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash	795,349	677,908

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

1. GENERAL INFORMATION

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

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

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

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

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the 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 2021 for the preparation of the consolidated financial statements:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group has early applied the Amendment to IFRS 16 *COVID-19-Related Rent Concessions beyond 30 June 2021*.

Except as described below, the application of 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 Amendment to IFRS 16 *COVID-19-Related Rent Concessions beyond 30 June 2021*

The Group has early applied the amendment in the current year. The amendment extends the availability of the practical expedient in paragraph 46A of IFRS 16 *Leases* ("IFRS 16") by one year so that the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The application of this amendment has had no material impact on the Group's financial positions and performance for the current and prior years.

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

New and amendments to IFRSs in issue but not yet effective

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

IFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to IFRS 3	Reference to the Conceptual Framework[1]
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[2]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to IAS 8	Definition of Accounting Estimates[2]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[1]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020[1]

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

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

Amendments to IFRS 3 *Reference to the Conceptual Framework*

The amendments:

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

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

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

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

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

3.1 Basis of preparation of consolidated financial statements

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

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

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

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

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

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

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

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

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

3.2 Significant accounting policies

Basis of consolidation

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

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

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

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

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

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

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

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

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

3.2 Significant accounting policies (Continued)

Basis of consolidation (Continued)

Changes in the Group's interests in existing subsidiaries

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

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

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

Goodwill

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

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

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

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

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

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

3.2 Significant accounting policies (Continued)

Investments in associates

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

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

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

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

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

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

3.2 Significant accounting policies (Continued)

Investments in associates (Continued)

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

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

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

Revenue from contracts with customers

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

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

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

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

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

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

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

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

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

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

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

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

Input method

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

Leases

Definition of a lease

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

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

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

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee

Allocation of consideration to components of a contract

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

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

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

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

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

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable by the Group under residual value guarantees;

- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and

- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

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

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

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

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

COVID-19-related rent concessions

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

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

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

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

3.2 Significant accounting policies (Continued)

Foreign currencies

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

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

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

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

Borrowing costs

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

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

Government grants

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

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under "other income".

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

3.2 Significant accounting policies (Continued)

Retirement benefit costs

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

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

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

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

Defined benefit costs are categorised as follows:

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

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

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

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

3.2 Significant accounting policies (Continued)

Retirement benefit costs (Continued)

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

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

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

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

Short-term employee benefits

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

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

Share-based payments

Equity-settled share-based payment transactions

Shares/Share options granted to employees

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

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

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

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

3.2 Significant accounting policies (Continued)

Share-based payments (Continued)

Modification to the terms and conditions of the share-based payment arrangements

When the terms and conditions of an equity-settled share-based payment arrangement are modified, the Group recognises, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, if the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, the Group takes the modified vesting conditions into consideration over the remaining vesting period.

The incremental fair value granted, if any, is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognised for services received over the period from modification date until the date when the modified equity instruments are vested, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognised over the remainder of the original vesting period.

If the modification reduces the total fair value of the share-based arrangement, or is not otherwise beneficial to the employee, the Group continues to account for the original equity instruments granted as if that modification had not occurred.

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

3.2 Significant accounting policies (Continued)

Taxation

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

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

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

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

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

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

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

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

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

3.2 Significant accounting policies (Continued)

Taxation (Continued)

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

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

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

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

Property and equipment

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

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

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

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

3.2 Significant accounting policies (Continued)

Intangible assets

Internally-generated intangible assets – research and development expenditure
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

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

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

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

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

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

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

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

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

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

3.2 Significant accounting policies (Continued)

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

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

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

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

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

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

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

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

3.2 Significant accounting policies (Continued)

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

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

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

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

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

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

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

(ii) Equity instruments designated as at FVTOCI

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

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

(iii) Financial assets at FVTPL

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

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

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

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

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

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

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

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

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

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

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

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

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

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

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

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

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

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

Derecognition of financial liabilities

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key sources of estimation uncertainty

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

Estimated impairment of goodwill and intangible assets with indefinite useful lives

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

As at 31 December 2021, the carrying amount of goodwill is approximately RMB51,510,000 (2020: RMB52,945,000) (net of accumulated impairment loss of approximately RMB13,194,000 (2020: RMB13,581,000)) while the carrying amount of trademarks is approximately RMB29,584,000 (2020: RMB30,452,000). Details of the recoverable amount calculation are disclosed in note 17.

Provision of ECL for trade receivables

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

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

5. REVENUE AND SEGMENT INFORMATION

Segment information

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

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

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

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

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

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

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

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

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

Year ended 31 December 2021

	Workforce Solutions RMB'000	Other HR Services RMB'000	Total RMB'000
Segment revenue	3,936,838	32,036	3,968,874
Segment profit	614,896	23,338	638,234
Unallocated:			
Selling expenses			(353,474)
Administrative expenses			(95,160)
Other income			12,432
Impairment losses under ECL model, net of reversal			(9,942)
Other gains and losses			3,240
Finance costs			(2,851)
Share of profit of associates			3,159
Profit before tax			195,638

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

5. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

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

	Revenue from external customers		Non-current assets*	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
PRC	**2,464,036**	1,763,695	**112,946**	121,736
Hong Kong and Macau	**622,435**	620,146	**86,765**	94,494
Taiwan	**882,403**	838,790	**3,425**	5,290
	3,968,874	3,222,631	**203,136**	221,520

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

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the gross profit earned by each segment without allocation of selling expenses, administrative expenses, other income, impairment losses under ECL model, net of reversal, other gains or losses, finance costs and share of profit of associates. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. In addition, impairment loss on goodwill of approximately RMB7,726,000 recognised in profit or loss for Workforce Solutions segment for the year ended 31 December 2020 was 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:

	2021	2020
	RMB'000	RMB'000
Customer A[1]	**1,048,506**	705,257

[1] Revenue from Workforce Solutions

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5. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue

Year ended 31 December 2021

	Workforce Solutions RMB'000	Other HR Services RMB'000	Total RMB'000
Types of service			
Flexible staffing	3,688,572	–	3,688,572
Recruitment solutions	248,266	–	248,266
Others	–	32,036	32,036
	3,936,838	32,036	3,968,874
Timing of revenue recognition			
A point in time	233,934	–	233,934
Over time	3,702,904	32,036	3,734,940
	3,936,838	32,036	3,968,874

Year ended 31 December 2020

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

5. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue (Continued)

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

Recruitment solutions services include headhunting services and RPO management services:

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

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

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

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

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5. REVENUE AND SEGMENT INFORMATION (Continued)

Information about customer types

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

	2021 RMB'000	2020 RMB'000
Multinational corporations and local enterprises	3,852,006	3,081,827
Government bodies	116,868	140,804
	3,968,874	3,222,631

6. OTHER INCOME

	2021 RMB'000	2020 RMB'000
Interest income	7,280	9,595
Dividend income from equity instruments at FVTOCI	878	975
Government grants *(Note)*	3,485	3,370
Others	789	329
	12,432	14,269

Note: Government grants represent incentive subsidies received in relation to business carried out by the Group in the PRC. There were no specific conditions/assets attached to the grants and, therefore, the Group recognised the grants upon receipts. The subsidies were granted on a discretionary basis to the Group during the years ended 31 December 2021 and 2020.

7. OTHER GAINS AND LOSSES

	2021 RMB'000	2020 RMB'000
Impairment loss on goodwill	–	(7,726)
Net exchange gains (losses)	1,658	(142)
Net fair value change in financial assets at FVTPL	1,582	3,001
	3,240	(4,867)

8. FINANCE COSTS

	2021 RMB'000	2020 RMB'000
Interest on lease liabilities	2,851	3,975

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9. INCOME TAX EXPENSE

	2021 RMB'000	2020 RMB'000
Current tax:		
– PRC Enterprise Income Tax ("EIT")	20,981	14,651
– Hong Kong Profits Tax	5,042	2,953
– Macau Complementary Tax	26	43
– Taiwan Income Tax	9,187	6,003
– Taiwan dividend withholding tax	2,717	3,794
	37,953	27,444
(Over)underprovision in prior years:		
– PRC EIT	(792)	84
– Hong Kong Profits Tax	–	(532)
– Taiwan Income Tax	40	(30)
	(752)	(478)
Deferred tax (note 21)	5,949	8,025
	43,150	34,991

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 2020 and 2021. Under the two-tiered profits tax rates regime, the first RMB1,000,000 of the taxable income of qualified entities are taxed at 2.5% (2020: 5%), and the taxable income above RMB1,000,000 and less than RMB3,000,000 are taxed at 10% (2020: 10%).

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

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2,000,000.

9. INCOME TAX EXPENSE (Continued)

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

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

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

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

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

	2021 RMB'000	2020 RMB'000
Profit before tax	**195,638**	168,878
Tax at PRC EIT rate of 25%	**48,910**	42,220
Tax effect of expenses not deductible for tax purpose	**4,212**	1,863
Tax effect of income not taxable for tax purpose	**(9,225)**	(7,395)
Tax effect of share of profit of associates	**(790)**	(446)
Tax effect of different tax rates of group entities operating in other jurisdictions	**(6,763)**	(7,281)
Income tax at concessionary tax	**(1,623)**	(1,992)
Utilisation of tax losses previously not recognised	**–**	(133)
Withholding tax	**9,238**	8,627
Overprovision in respect of prior years	**(752)**	(478)
Others	**(57)**	6
Income tax expense for the year	**43,150**	34,991

At 31 December 2021, the Group has unused tax losses of approximately RMB2,353,000 (2020: nil) available for offset against future profits. Deferred tax assets have been recognised in respect of approximately RMB346,000 (2020: nil) of such losses as at 31 December 2021. No deferred tax asset has been recognised in respect of the remaining losses due to the unpredictability of future profit streams. The tax losses will be expired at various time within a period of five years from the year of origination.

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10. PROFIT FOR THE YEAR

	2021 RMB'000	2020 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Directors' emoluments *(note 11)*		
Fees	588	642
Salaries, allowances and other benefits	4,097	3,218
Retirement benefit scheme contributions	121	62
Performance related bonus	2,803	835
Equity-settled share-based payments	807	211
	8,416	4,968
Other staff costs		
Salaries, allowances and other benefits	3,015,227	2,718,430
Retirement benefit scheme contributions	542,302	227,283
Equity-settled share-based payments	5,710	1,906
	3,563,239	2,947,619
Total staff costs	3,571,655	2,952,587
Auditor's remuneration	2,796	2,830
Depreciation of property and equipment	5,828	5,174
Depreciation of right-of-use assets	29,985	31,768
Amortisation of intangible assets	2,550	2,734
Loss on disposal of property and equipment	335	773
Research and development costs recognised as an expense (included in administrative expenses)	85	449
COVID-19-related rent concessions *(note 16)*	–	(234)

For the years ended 31 December 2020 and 2021, the Group recognised government grants by deducting from the related expenses in respect of COVID-19-related subsidies which mainly relate to Employment Support Scheme provided by the Hong Kong government and reduction or waiver of social insurance contributions by the PRC government.

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

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

Year ended 31 December 2021

	Fees RMB'000	Salaries, allowances and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Performance related bonus RMB'000 *(Note viii)*	Equity-settled share-based payments RMB'000	Total RMB'000
Executive directors (Note i):						
YUAN Jianhua *(Note ii)*	–	879	29	785	–	1,693
CUI Zhihui *(Note iii)*	–	3,218	92	2,018	737	6,065
Non-executive directors (Note iv):						
Darryl E GREEN	–	–	–	–	10	10
John Thomas MCGINNIS *(Note v)*	–	–	–	–	10	10
ZHANG Yinghao	–	–	–	–	10	10
ZHAI Feng	–	–	–	–	10	10
Independent non-executive directors (Note vi):						
Thomas YEOH Eng Leong	196	–	–	–	10	206
WONG Man Lai Stevie	196	–	–	–	10	206
Victor HUANG	196	–	–	–	10	206
	588	4,097	121	2,803	807	8,416

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

Year ended 31 December 2020

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

Notes:

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

(ii) YUAN Jianhua was resigned as an executive director of the Company on 31 March 2021.

(iii) CUI Zhihui was appointed as an executive director of the Company on 31 March 2021.

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

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

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

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

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

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group during the year include one director (2020: one director), details of whose remuneration are set out in note 11 above. Details of the remuneration for the year of the remaining four (2020: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2021 RMB'000	2020 RMB'000
Salaries, allowances and other benefits	**8,648**	9,179
Retirement benefit scheme contributions	**378**	195
Performance related bonus	**4,863**	4,310
Equity-settled share-based payments	**1,317**	605
	15,206	14,289

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

	2021 No. of employees	2020 No. of employees
HK$2,500,001 to HK$3,000,000	**1**	2
HK$3,000,001 to HK$3,500,000	**1**	1
HK$4,000,001 to HK$4,500,000	**1**	–
HK$7,000,001 to HK$7,500,000	**–**	1
HK$7,500,001 to HK$8,000,000	**1**	–
	4	4

No emoluments were paid by the Group to any of the directors or chief executive officer of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office during both years. The non-executive directors of the Company waived their emoluments of approximately RMB196,000 (equivalent to HK$240,000) (2020: RMB214,000 (equivalent to HK$240,000)) for the year ended 31 December 2021.

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

13. DIVIDENDS

During the year ended 31 December 2020, 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.

During the year ended 31 December 2021, 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), was declared and paid in July 2021.

Subsequent to the end of the reporting period, a final dividend of HK$0.37 per ordinary share in respect of the year ended 31 December 2021, in an aggregate amount of approximately HK$76.8 million (equivalent to approximately RMB62.3 million), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

14. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

	2021 RMB'000	2020 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)	139,169	126,357

Number of shares

	2021	2020
Number of ordinary shares for the purpose of basic earnings per share	207,500,000	207,500,000
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	123,695	196,484
Weighted average number of ordinary shares for the purpose of diluted earnings per share	207,623,695	207,696,484

The computation of diluted earnings per share for the years ended 31 December 2021 and 2020 did not assume the exercise of certain share options granted by the Company because the exercise prices of those options was higher than the average market prices for shares of the Company for the respective period.

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15. PROPERTY AND EQUIPMENT

	Leasehold improvements RMB'000	Buildings RMB'000	Furniture and fixtures RMB'000	Computer equipment RMB'000	Total RMB'000
COST					
At 1 January 2020	16,456	1,835	4,898	18,334	41,523
Additions	3,857	–	171	996	5,024
Disposals	(1,737)	–	(670)	(974)	(3,381)
Exchange adjustments	(158)	–	(74)	(194)	(426)
At 31 December 2020	18,418	1,835	4,325	18,162	42,740
Additions	3,339	–	481	1,930	5,750
Disposals	(1,489)	–	(166)	(1,332)	(2,987)
Exchange adjustments	(77)	–	(31)	(94)	(202)
At 31 December 2021	20,191	1,835	4,609	18,666	45,301
ACCUMULATED DEPRECIATION					
At 1 January 2020	11,109	936	2,562	10,784	25,391
Provided for the year	2,414	87	450	2,223	5,174
Eliminated on disposals	(943)	–	(637)	(962)	(2,542)
Exchange adjustments	(121)	–	(43)	(144)	(308)
At 31 December 2020	12,459	1,023	2,332	11,901	27,715
Provided for the year	2,788	87	588	2,365	5,828
Eliminated on disposals	(1,179)	–	(149)	(1,324)	(2,652)
Exchange adjustments	(65)	–	(21)	(77)	(163)
At 31 December 2021	14,003	1,110	2,750	12,865	30,728
CARRYING VALUES					
At 31 December 2021	6,188	725	1,859	5,801	14,573
At 31 December 2020	5,959	812	1,993	6,261	15,025

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

Leasehold improvements	20% or shorter of lease term
Buildings	5%
Furniture and fixtures	20%
Computer equipment	20% – $33^1/_3$%

16. RIGHT-OF-USE ASSETS

	Leasehold land and buildings RMB'000
As at 31 December 2021	
Carrying amount	43,364
As at 31 December 2020	
Carrying amount	63,340
For the year ended 31 December 2021	
Depreciation charge	29,985
For the year ended 31 December 2020	
Depreciation charge	31,768

	2021 RMB'000	2020 RMB'000
Expenses relating to short-term leases	**930**	201
Total cash outflow for leases	**30,874**	30,613
Additions to right-of-use assets	**10,726**	14,949

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

The Group regularly entered into short-term leases for office premises. As at 31 December 2021 and 2020, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Restrictions or covenants on leases

In addition, lease liabilities of approximately RMB44,970,000 (2020: RMB64,942,000) are recognised with related right-of-use assets of approximately RMB43,364,000 (2020: RMB63,340,000) as at 31 December 2021. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

16. RIGHT-OF-USE ASSETS (Continued)

Leases committed

As at 31 December 2020 and 2021, the Group did not enter into any new leases that are not yet commenced.

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

Rent concessions

During the year ended 31 December 2021, no rent concessions were provided by the lessors. During the year ended 31 December 2020, lessors of certain office premises provided rent concessions to the Group through rent reductions ranging from 5% to 100% over two to ten months.

These rent concessions occurred as a direct consequence of COVID-19 pandemic and met all of the conditions in IFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. During the year ended 31 December 2020, the effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of approximately RMB234,000 were recognised as negative variable lease payments.

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

The movement of the goodwill of the Group is as follows:

	2021 RMB'000	2020 RMB'000
COST		
At 1 January	**66,526**	70,643
Exchange adjustments	**(1,822)**	(4,117)
At 31 December	**64,704**	66,526
IMPAIRMENT		
At 1 January	**13,581**	6,232
Impairment loss recognised in the year	**–**	7,726
Exchange adjustments	**(387)**	(377)
At 31 December	**13,194**	13,581
CARRYING VALUES		
At 31 December	**51,510**	52,945

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

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

	2021 RMB'000	2020 RMB'000
Goodwill:		
– Manpower Services (Hong Kong) Limited ("Manpower Services HK")	27,770	28,585
– Xi'an Foreign Enterprise Service Co., Ltd.* 西安外國企業服務有限公司 ("Xi'an Fesco")	2,610	2,610
– Event Elite Production and Promotion Limited ("Event Elite")	21,130	21,750
Trademarks:		
– Event Elite	29,584	30,452
	81,094	83,397

* *For identification purposes only*

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

The recoverable amounts of CGUs have been determined based on a value in use calculation. Their recoverable amounts are based on certain similar key assumptions including discount rate and revenue growth rates. Their value in use calculations use cash flow projections based on financial budgets approved by management covering a 5-year period (2020: 5-year). Cash flow projections beyond the 5-year period are extrapolated using a steady 3% growth rate (2020: 3%). This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry in which the businesses of the CGUs operate. For the year ended 31 December 2021, the pre-tax rates used to discount the forecast cash flows from Manpower Services HK, Xi'an Fesco and Event Elite are 17.3% (2020: 17.6%), 16% (2020: 16%) and 22.5% (2020: 22.4%), respectively.

Cash flow projections during the budget period for the CGUs are also based on management's estimation of cash inflows/outflows including gross revenue, gross margin, operating expenses and working capital requirements during the budget period. The assumptions and estimations are based on the CGU's past performance, management's expectations of the market development. The cash flow projections, revenue growth rates and discount rate have been reassessed as at 31 December 2021 taking into consideration higher degree of estimation uncertainties due to how the COVID-19 pandemic may progress and evolve and volatility in macro and micro-economic factors, including potential disruptions of the operations of the CGUs.

During the year ended 31 December 2021, the management of the Group determines that there is no impairment on Manpower Services HK, Event Elite and Xi'an Fesco.

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

18. OTHER INTANGIBLE ASSETS

	Trademarks RMB'000	Customers relationships RMB'000	Softwares RMB'000	Total RMB'000
COST				
At 1 January 2020	32,412	13,759	5,456	51,627
Additions	–	–	18,186	18,186
Exchange adjustments	(1,960)	(832)	–	(2,792)
At 31 December 2020	30,452	12,927	23,642	67,021
Additions	–	–	12,883	12,883
Exchange adjustments	(868)	(369)	–	(1,237)
At 31 December 2021	29,584	12,558	36,525	78,667
AMORTISATION				
At 1 January 2020	–	6,421	–	6,421
Charge for the year	–	2,734	–	2,734
Exchange adjustments	–	(537)	–	(537)
At 31 December 2020	–	8,618	–	8,618
Charge for the year	–	2,550	–	2,550
Exchange adjustments	–	(284)	–	(284)
At 31 December 2021	–	10,884	–	10,884
CARRYING VALUES				
At 31 December 2021	29,584	1,674	36,525	67,783
At 31 December 2020	30,452	4,309	23,642	58,403

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

Trademarks	Indefinite lives
Customers relationships	5 years
Softwares	10 years

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

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19. INTERESTS IN ASSOCIATES

	2021 RMB'000	2020 RMB'000
Cost of investments in associates	23,851	33,651
Share of post-acquisition profits (losses) and other comprehensive expense, net of dividends received	2,055	(1,844)
	25,906	31,807

Details of each of the Group's associates at the end of the reporting period are as follows:

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group 2021	2020	Proportion of voting rights held by the Group 2021	2020	Principal activities
上海金盞企業管理有限公司 Shanghai Jinzhou Enterprise Management Co., Ltd.*	PRC	34%	34%	34%	34%	Human resource services
北京萬智國際人力資源有限公司 Beijing Wanzhi International Human Resources Co., Ltd.*	PRC	35%	35%	35%	35%	Human resource services
匯智盛華（瀋陽）人力資源服務有限公司 Huizhishenghua (Shenyang) Human Resources Services Co., Ltd.*	PRC	20%	20%	20%	20%	Human resource services
南京盛華領航企業管理諮詢有限公司 Nanjing Shenghua Linghang Enterprise Management Consultancy Co., Ltd.*	PRC	34%	34%	34%	34%	Human resource services
海南萬盛智慧科技有限公司 Hainan Wan Sheng Zhi Hui Technology Co., Ltd.* ("Hainan Wan Sheng") *(Note i)*	PRC	–	49%	–	49%	Training services
中瑞方勝金融服務外包（北京）有限公司 ZhongRui FESCO Outsourcing (Beijing) Co., Ltd. ("ZhongRui FESCO") *(Note ii)*	PRC	45%	45%	45%	45%	Human resource services

* *For identification purposes only*

19. INTERESTS IN ASSOCIATES (Continued)

Notes:

(i) During the year ended 31 December 2020, the Group entered into an agreement with an independent third party for investment of 49% equity interest in Hainan Wan Sheng for a consideration of RMB9,800,000. The Group has the right to appoint one out of three directors on the board of Hainan Wan Sheng. The directors of the Company considered that the Group could exercise significant influence over Hainan Wan Sheng and it was therefore classified as an associate of the Group.

During the year ended 31 December 2021, the Group disposed of 49% of its entire equity interest in Hainan Wan Sheng to an independent third party with proceeds of RMB9,060,000. No gain/loss in profit or loss has resulted in such disposal as the carrying amount of such investment on the date of loss of significant influence is the same as the proceeds of disposal.

(ii) During the year ended 31 December 2020, the Group entered into an agreement with an independent third party for investment of 45% equity interest in ZhongRui FESCO for a consideration of RMB17,550,000. The Group has the right to appoint one out of three directors on the board of ZhongRui FESCO. The directors of the Group consider that the Group can exercise significant influence over ZhongRui FESCO and it is therefore classified as an associate of the Group. The amount of goodwill arising from the acquisition was approximately RMB8.7 million which was recognised in interest in an associate.

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

Aggregate information of associates that are not individually material

	2021 **RMB'000**	2020 RMB'000
The Group's share of total comprehensive income	**3,159**	1,784

20. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The amount represents unlisted equity investments in the PRC.

In December 2018, the Group entered into an agreement with a non-controlling shareholder to dispose of the Group's 40.5% equity interest in Reach Human Resource Service (Guangzhou) Co., Ltd.* (廣州市鋭旗人力資源服務有限公司) ("Guangzhou Reach"), a subsidiary which carried out the Group's operation under the brand of "ReachHR" in the PRC, at a consideration of RMB20,250,000. The disposal was completed on 12 December 2018, on which date control of Guangzhou Reach passed to the acquirer. Upon such disposal, the Group holds 19.5% equity interest in Guangzhou Reach and does not have control or significant influence in Guangzhou Reach. The Group accounts such equity investments as equity instruments at FVTOCI at 31 December 2021 and 2020.

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

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

* *For identification purposes only*

21. DEFERRED TAX ASSETS/LIABILITIES

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

	ECL provision RMB'000	Accrued payroll expenses RMB'000	Withholding tax on undistributed profits RMB'000	Other intangible assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2020	235	1,899	–	(7,923)	647	(5,142)
Credit (charge) to profit or loss	153	163	(4,833)	(4,096)	588	(8,025)
Exchange adjustments	13	20	–	373	34	440
At 31 December 2020	401	2,082	(4,833)	(11,646)	1,269	(12,727)
Credit (charge) to profit or loss	1,578	479	(6,521)	(3,205)	1,720	(5,949)
Release upon distribution of profits from a subsidiary	–	–	4,767	–	–	4,767
Exchange adjustments	–	(19)	164	147	–	292
At 31 December 2021	1,979	2,542	(6,423)	(14,704)	2,989	(13,617)

Under the EIT Law of PRC and relevant laws and regulations in Taiwan, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards and Taiwan subsidiaries, that are received by non-local resident entities. During the year ended 31 December 2021, deferred tax liabilities of RMB6,521,000 (2020: RMB4,833,000) has been provided for in respect of the temporary differences arising from the undistributed profits of Taiwan subsidiaries. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to undistributed profits of the PRC and Taiwan subsidiaries in aggregate amounting to RMB229.6 million (2020: RMB176.8 million) as at 31 December 2021, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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22. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 RMB'000	2020 RMB'000
Trade receivables	656,658	460,168
Less: allowance for credit losses	(9,461)	(3,086)
Total trade receivables	647,197	457,082
Deposits, prepayments and other receivables	55,012	85,605
Consideration receivables *(Note)*	11,749	13,398
Total trade and other receivables, deposits and prepayments	713,958	556,085
Analysed as:		
– Non-current	28,488	30,190
– Current	685,470	525,895
	713,958	556,085

Note: The outstanding consideration receivables from the disposal of Guangzhou Reach of RMB13,787,000 at 31 December 2021 (2020: RMB16,085,000) will be settled by instalments by December 2027 and were, accordingly, adjusted for the effect of the time value of money using an effective interest rate of 4.9% per annum. Such consideration receivables are recorded on the consolidated statement of financial position of the Group as follows:

	2021 RMB'000	2020 RMB'000
Other receivables:		
– Non-current	9,558	11,207
– Current	2,191	2,191
	11,749	13,398

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

As at 1 January 2020, trade receivables from contracts with customers amounted to approximately RMB474,834,000.

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

	2021 RMB'000	2020 RMB'000
0–30 days	585,231	418,415
31–60 days	34,458	16,429
61–90 days	15,124	7,323
Over 90 days	12,384	14,915
	647,197	457,082

As at 31 December 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately RMB38,749,000 (2020: RMB19,466,000) which are past due as at the reporting date. The Group does not hold any collateral over these balances.

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

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

The amounts due from fellow subsidiaries are trade in nature, unsecured, non-interest bearing and repayable on demand.

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

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

	Amounts due from fellow subsidiaries	
	2021	2020
	RMB'000	RMB'000
0–30 days	**253**	124
31–60 days	**220**	33
61–90 days	**22**	20
Over 90 days	**–**	12
	495	189

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

The amount due to ultimate holding company of approximately RMB7,204,000 (2020: RMB7,416,000) at 31 December 2021 are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

The remaining amount due to ultimate holding company of approximately RMB3,004,000 (2020: RMB1,719,000) and the amounts due to fellow subsidiaries of approximately RMB465,000 (2020: RMB844,000) at 31 December 2021 are trade in nature, unsecured, non-interest bearing and repayable on demand.

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

	Amount due to ultimate holding company		Amounts due to fellow subsidiaries	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
0–30 days	**887**	726	**59**	43
31–60 days	**900**	635	**–**	82
61–90 days	**925**	258	**–**	34
Over 90 days	**292**	100	**406**	685
	3,004	1,719	**465**	844

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

Financial assets at FVTPL represent the financial products issued by the banks in the PRC and the unlisted equity investments entered with a financial institution in Hong Kong.

Restricted bank deposits represent bank deposits which are restricted for surety bonds issued to the Group by banks (see note 33) for service contracts as requested by customers. As at 31 December 2021, the restricted bank deposits carried interest rate of 0.81% (2020: 0.49% to 2.18%) per annum.

Time deposits with original maturity over three months of approximately RMB250,076,000 (2020: RMB291,303,000) represent fixed deposits with maturity more than three months from the date of acquisition which carried interest at prevailing market rate of 0.91% (2020: 0.74%) per annum as at 31 December 2021.

As at 31 December 2021, bank balances carried interest at prevailing market rates of 0.005% to 3.70% (2020: 0.005% to 1.65%) per annum.

Details of impairment assessment are set out in note 32.

25. TRADE AND OTHER PAYABLES

	2021 **RMB'000**	2020 RMB'000
Trade payables	**17,456**	13,802
Accrued payroll and other expenses	**464,406**	426,355
Other tax payables	**38,611**	28,738
	520,473	468,895

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

	2021 **RMB'000**	2020 RMB'000
0–30 days	**17,409**	13,627
31–60 days	**–**	12
61–90 days	**47**	23
91–120 days	**–**	140
	17,456	13,802

26. CONTRACT LIABILITIES

The Group requires advanced payments from certain customers mainly from flexible staffing services. When the Group receives advanced payments before the service commences, this will give rise to contract liabilities at the commencement of a contract, until the revenue recognised on the relevant contract exceeds the amount of the advanced payments. All of the contract liabilities at the end of the reporting period were recognised as revenue in subsequent year.

At 1 January 2020, contract liabilities amounted to approximately RMB20,879,000.

27. LEASE LIABILITIES

	2021 RMB'000	2020 RMB'000
Lease liabilities payable:		
Within one year	**25,715**	28,663
Within a period of more than one year but not more than two years	**10,565**	30,952
Within a period of more than two years but not more than five years	**8,690**	5,327
	44,970	64,942
Less: Amount due for settlement with 12 months shown under current liabilities	**(25,715)**	(28,663)
Amount due for settlement after 12 months shown under non-current liabilities	**19,255**	36,279

Rental deposits of approximately RMB8.5 million (2020: RMB9.9 million) was paid as of 31 December 2021 for the lease liabilities.

The weighted average incremental borrowing rates applied to lease liabilities range from 3.37% to 4.90% (2020: 3.37% to 4.90%).

28. SHARE CAPITAL

	Par value	Number of shares	Amount US$	Amount HK$	Shown in the consolidated financial statements RMB'000
Ordinary shares					
Authorised:					
At 31 December 2020, 1 January 2021 and 31 December 2021	HK$0.01	1,520,000,000	–	15,200,000	
Issued and fully paid:					
At 31 December 2020, 1 January 2021 and 31 December 2021	HK$0.01	207,500,000	–	2,075,000	1,830

29. SHARE-BASED PAYMENT TRANSACTIONS

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

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

At 31 December 2021, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 8,961,000 (2020: 7,005,000), representing 4.3% (2020: 3.4%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue immediately upon completion of the global offering of the shares of the Company, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any 12-month period up to date of offer is not permitted to exceed an aggregate 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of an aggregate 0.1% of the Company's share in issue in the 12-month period up to and including the date of offer and with an aggregate value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

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

29. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

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

On 20 September 2019, the Company granted 3,862,000 share options at exercise price of HK$10.94 per share option ("2019 Share Options"), which are accepted by the grantees, to subscribe for an aggregate of 3,862,000 shares under the Scheme. On 9 April 2021, the Company modified the vesting conditions of the 2019 Share Options. After the modification, the 2019 Share Options shall be vested on 20 September 2022 conditionally upon fulfillment of the performance targets based on the growth rate of the Group's audited revenue or adjusted net profit. The incremental fair value will be expensed over the remaining vesting periods.

On 8 April 2020, the Company granted 3,967,000 share options at exercise price of HK$8.76 per share option ("2020 Share Options"), which are accepted by the grantees, to subscribe for an aggregate of 3,967,000 shares under the Scheme. The 2020 Share Options shall be vested on 8 April 2023 conditionally upon fulfillment of the performance targets based on the growth rate of the Company's audited net profit. On 9 April 2021, the Company modified certain terms of the 2020 Share Options. After the modification, 50% of the 2020 Share Options and 50% of the 2020 Share Options shall be vested on 7 April 2022 and 7 April 2023, respectively, conditionally upon fulfillment of the performance targets based on the growth rate of the Group's audited revenue or adjusted net profit. The incremental fair value will be expensed over the remaining vesting periods.

On 9 April 2021, the Company granted 3,858,000 share options at exercise price of HK$10.00 per share option ("2021 Share Options"), which are accepted by the grantees, to subscribe for an aggregate of 3,858,000 shares under the Scheme. The 2021 Share Options shall be vested in two tranches, among which, 1,929,000 share options (the "Tranche 1 Share Options") granted shall be vested on 8 April 2022 and another 1,929,000 share options (the "Tranche 2 Share Options") granted shall be vested on 8 April 2023 subject to below vesting conditions:

Tranche 1 Share Options

(i) 25% of Tranche 1 Share Options shall be vested on 8 April 2022 with no performance targets requirement;

(ii) 75% of Tranche 1 Share Options shall be vested on 8 April 2022 conditionally upon fulfilment of the performance targets based on the growth rate of the Group's audited revenue or adjusted net profit.

Tranche 2 Share Options

(i) 25% of Tranche 2 Share Options shall be vested on 8 April 2023 with no performance targets requirement;

(ii) 75% of Tranche 2 Share Options shall be vested on 8 April 2023 conditionally upon fulfilment of the performance targets based on the growth rate of the Group's audited revenue or adjusted net profit.

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29. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

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

The following tables disclose movements of the Company's share options:

2021

	Exercise price	Date of grant	Number of share options: Outstanding at 1 January 2021	Granted during year	Forfeited during year	Transferred during year (Note)	Outstanding at 31 December 2021
Directors	HK$10.94	20 September 2019	400,000	–	(400,000)	200,000	200,000
	HK$8.76	8 April 2020	400,000	–	(400,000)	300,000	300,000
	HK$10.00	9 April 2021	–	400,000	–	–	400,000
Employees	HK$10.94	20 September 2019	2,898,000	–	(460,000)	(200,000)	2,238,000
	HK$8.76	8 April 2020	3,307,000	–	(484,000)	(300,000)	2,523,000
	HK$10.00	9 April 2021	–	3,458,000	(158,000)	–	3,300,000
			7,005,000	3,858,000	(1,902,000)	–	8,961,000
Exercisable at the end of the year			–				–
Weighted average exercise price (HK$)			9.79	10.00	9.85	–	9.87

Note: Mr. Cui Zhihui, who was an employee of the Company, was appointed as an executive director of the Company on 31 March 2021. Upon appointment, his entitlement of 200,000 share options and 300,000 share options granted on 20 September 2019 and 8 April 2020, respectively, were transferred from those held by employees to directors accordingly.

2020

	Exercise price	Date of grant	Number of share options: Outstanding at 1 January 2020	Granted during year	Forfeited during year	Outstanding at 31 December 2020
Directors	HK$10.94	20 September 2019	400,000	–	–	400,000
	HK$8.76	8 April 2020	–	400,000	–	400,000
Employees	HK$10.94	20 September 2019	3,427,000	–	(529,000)	2,898,000
	HK$8.76	8 April 2020	–	3,567,000	(260,000)	3,307,000
			3,827,000	3,967,000	(789,000)	7,005,000
Exercisable at the end of the year			–			–
Weighted average exercise price (HK$)			10.94	8.76	10.22	9.79

The estimated fair values of the options granted on 20 September 2019, 8 April 2020 and 9 April 2021 are approximately RMB3,154,000, RMB4,832,000 and RMB5,398,000, respectively.

29. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

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

These fair values were calculated using the Binomial model. The inputs into the model were as follows:

	2021 Share Options	2020 Share Options (after modification	2020 Share Options (before modification	2019 Share Options (after modification	2019 Share Options (before modification
Exercise price	**HK$10.00**	HK$8.76	HK$8.76	HK$10.94	HK$10.94
Expected volatility	**38.48%**	38.48%	34.47%	38.48%	30.16%
Expected life	**4-5 years**	4-5 years	6 years	4.45 years	6 years
Risk-free rate	**0.46%-0.70%**	0.46%-0.70%	0.71%	0.57%	1.27%
Expected dividend yield	**3.31%**	3.31%	3.15%	3.31%	2.79%
Exercise multiple	**2.2-2.8**	2.2-2.8	2.2-2.8	2.2-2.8	2.2-2.8

Expected volatility was determined by using the historical volatility of comparable companies as an estimate. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of approximately RMB5,382,000 (2020: RMB2,117,000) for the year ended 31 December 2021 in relation to share options granted by the Company.

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

(ii) RSU Scheme of the Company

The Company's RSU Scheme was adopted pursuant to a resolution passed on 10 June 2021 for the primary purpose of providing incentives to directors and eligible employees. The RSU Scheme will be valid and effective for a period of ten years commencing on 10 June 2021.

The maximum number of restricted share units ("RSUs") that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) shall not exceed 2.5% of the number of shares in issue from time to time.

The Company has entered into a trust deed with the trustee for the purpose of facilitating the purchase and holding of shares of the Company and the administration of the RSU Scheme. During the year ended 31 December 2021, the Company purchased 871,105 shares of the Company's own ordinary shares in the market through the trustee of the Company's RSU Scheme, at prices ranging from HK$8.91 to HK$9.49 per share for an aggregate consideration of approximately HK$6,792,000.

On 10 June 2021, an aggregate of 780,000 RSUs ("2021 June RSU Awards") were granted to directors and eligible employees pursuant to the RSU Scheme, representing 0.38% of the shares of the Company in issue at that date. The fair value of the RSUs granted is measured with reference to the closing price of the ordinary shares of the Company at the grant date. The 2021 June RSU Awards shall be vested conditionally over 36 months from the grant date. The 2021 June RSU Awards will be satisfied, upon the satisfaction or waiver of all the relevant vesting conditions, by existing shares of the Company to be acquired by the trustee through on-market purchases.

29. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(ii) RSU Scheme of the Company (Continued)

On 9 September 2021, an aggregate of 91,105 RSUs ("2021 September RSU Awards") were granted to directors pursuant to the RSU Scheme, representing 0.044% of the shares of the Company in issue at that date. The fair value of the RSUs granted is measured with reference to the closing price of the ordinary shares of the Company at the grant date. The 2021 September RSU Awards shall be vested conditionally over 36 months from the grant date. The 2021 September RSU Awards will be satisfied, upon the satisfaction or waiver of all the relevant vesting conditions, by existing shares of the Company to be acquired by the trustee through on-market purchases.

The following tables disclose movements of the Company's RSUs:

		Number of restricted share units			
	Date of grant	Outstanding at 1 January 2021	Granted during year	Forfeited during year	Outstanding at 31 December 2021
Directors	10 June 2021	–	130,000	–	130,000
	9 September 2021	–	91,105	–	91,105
Employees	10 June 2021	–	650,000	(13,000)	637,000
		–	871,105	(13,000)	858,105

The Group recognised the total expense of approximately RMB1,135,000 (2020: nil) for the year ended 31 December 2021 in relation to RSUs granted by the Company.

30. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

(a) The PRC

The Group's full-time employees in the PRC are covered by a government sponsored defined contribution pension scheme, and are entitled to a monthly pension from their retirement dates. The PRC Government is responsible for the pension liability to these retired employees. The Group is required to make annual contributions to the retirement plan at a rate of 12% to 20% (2020: 12% to 20%) of employees' salaries, which are charged to profit or loss as an expense when the contributions are due.

(b) Hong Kong

The Group participates in a pension scheme, which was registered under the Mandatory Provident Fund Schemes Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The mandatory provident fund scheme (the "MPF Scheme") is a defined contribution scheme and is funded by contributions from employers and employees according to the provisions of the MPF Ordinance.

The Group's and the employees' contributions to the MPF Scheme are each set at 5% of the employees' salaries up to a maximum of HK$1,500 since 1 June 2014 per employee per month. The Group's contributions to the MPF Scheme are fully and immediately vested to the employees once they are paid.

(c) Taiwan

According to the Labor Pension Act in Taiwan, for employees who are hired on or after 1 July 2005, an employer is required to contribute each month an amount equivalent to at least 6% of each employee's monthly salary into the employee's personal pension fund account at the Bureau of Labor Insurance. The employees may also voluntarily contribute up to 6% of their monthly salaries to the personal pension fund account.

The Taiwan defined contribution scheme was established under trust with the assets of the funds held separately from those of the Group by independent trustees.

(d) Macau

Eligible employees in Macau are covered by a government-mandated defined contribution plan pursuant to which a fixed amount of retirement benefit would be determined by the Macau Government. Contributions are generally made by both employees and employers by paying a fixed amount on a monthly basis to the Social Security Fund managed by the Macau Government. The Group funds the entire contribution and has no further commitments beyond its monthly contributions.

During the year ended 31 December 2021, total amounts contributed by the Group to the schemes in the PRC, Hong Kong and Taiwan and charged to profit or loss, which represent contributions payable to the schemes by the Group at rates specified in the rules of the schemes are approximately RMB542,423,000 (2020: RMB227,345,000).

30. RETIREMENT BENEFIT PLANS (Continued)

Defined Benefit Plan

A subsidiary of the Group in Taiwan also participates in a defined benefit retirement scheme for its eligible employees in Taiwan (the "Taiwan Scheme"). Under the Taiwan Scheme, the employees are entitled to retirement benefits calculated on the basis of the length of service and average monthly salaries before the attainment of a retirement age of 65. The employer contributes amounts equal to 2% of the employees' total monthly salary and no contribution is required from the employee. The assets of the Taiwan Schemes are held under a government-run trust separate from those of the Group. As at 31 December 2021, the directors of the Company assessed the present value of the defined benefits obligations based on an actuarial valuation of plan assets performed by an independent professionally qualified actuary using the projected unit credit method.

The plan in Taiwan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity instruments, debt instruments and real estates. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it is appropriate that a reasonable portion of the plan assets should be invested in equity instruments and in real estate to leverage the return generated by the fund.
Interest rate risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The main actuarial assumptions used were as follows:

	2021 %	2020 %
Discount rate	0.75	0.50
Expected rate of long-term salary increases	4.00	4.00

The actuarial valuation showed that the market value of plan assets at 31 December 2021 was approximately RMB1,708,000 (2020: RMB1,693,000) and that the actuarial value of these assets represented 135% (2020: 135%) of the benefits that had accrued to members.

30. RETIREMENT BENEFIT PLANS (Continued)

Defined Benefit Plan (Continued)

Amounts recognised in the consolidated statement of profit or loss and other comprehensive income in respect of these defined benefit plans are as follows:

	2021 RMB'000	2020 RMB'000
Current service cost	–	–
Interest expense on defined benefit obligation	6	16
Interest income on plan assets	(8)	(16)
Components of defined benefit costs recognised in profit or loss	(2)	–
Remeasurement of the net defined benefit liability:		
Actuarial (gains) losses arising from changes in financial assumptions	(52)	106
Actuarial losses (gains) arising from experience adjustments	47	(480)
Actuarial losses arising from changes in demographic assumptions	24	–
Gain on plan assets	(22)	(51)
Income tax related to actuarial losses from remeasurement of defined benefit obligations	1	85
Components of defined benefit costs recognised in other comprehensive income	(2)	(340)
Total	(4)	(340)

The expense for the year has been included in salaries, bonus and pension expenses. The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of the plan is as follows:

	2021 RMB'000	2020 RMB'000
Fair value of plan assets	1,708	1,693
Present value of funded obligations	(1,268)	(1,255)
Net asset arising from defined benefit obligations	440	438

30. RETIREMENT BENEFIT PLANS (Continued)

Defined Benefit Plan (Continued)

Movements in the present value of the defined benefit obligations in the current year were as follows:

	2021 RMB'000	2020 RMB'000
At 1 January	1,255	1,646
Actuarial (gains) losses arising from changes in financial assumptions	(52)	106
Actuarial losses (gains) arising from experience adjustments	47	(480)
Actuarial losses arising from changes in demographic assumptions	24	–
Benefits paid	(2)	(33)
Interest expense	6	16
Exchange differences	(10)	–
At 31 December	1,268	1,255

Movements in the fair value of the plan assets in the current year were as follows:

	2021 RMB'000	2020 RMB'000
At 1 January	1,693	1,663
Gain on plan assets (excluding interest income on plan assets)	22	51
Benefits paid	(2)	(33)
Interest income	8	16
Exchange differences	(13)	(4)
At 31 December	1,708	1,693

The fair value of the plan assets at the end of the reporting period for each category, are as follows:

	Fair value of plan assets	
	2021 RMB'000	2020 RMB'000
Bank deposits	314	211
Equity instruments	725	804
Debt instruments	488	499
Others	181	179
At 31 December	1,708	1,693

30. RETIREMENT BENEFIT PLANS (Continued)

Defined Benefit Plan (Continued)

During the year ended 31 December 2021, the actual return on plan assets was approximately RMB8,000 (2020: RMB16,000).

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of reporting period, while holding all other assumptions constant.

- If the discount rate is 25 basis points higher (lower), the defined benefit obligation would decrease by approximately RMB50,000 (increase by RMB52,000) (2020: decrease by approximately RMB54,000 (increase by RMB56,000)).

- If the expected salary growth increases (decreases) by 0.25%, the defined benefit obligation would increase by approximately RMB50,000 (decrease by RMB48,000) (2020: increase by approximately RMB54,000 (decrease by RMB52,000)).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity balance. The Group's overall strategy remained unchanged from prior year.

The capital structure of the Group consists of net debt, which includes amounts due to ultimate holding company and fellow subsidiaries disclosed in note 23, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and reserves.

32. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2021 RMB'000	2020 RMB'000
Financial assets		
Equity instruments at FVTOCI	9,705	9,705
Financial assets at FVTPL	–	90,459
Amortised cost	1,732,683	1,504,079
Financial liabilities		
Amortised cost	28,129	23,781
Lease liabilities	44,970	64,942

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amount to ultimate holding company, amounts due from (to) fellow subsidiaries, time deposits with original maturity over three months, restricted bank deposits, bank balances and cash, lease liabilities and trade and other payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

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

The carrying amounts of the group entities' foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Inter-company balances				
US$	465,866	558,012	465,866	558,012

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) *Currency risk (Continued)*

Sensitivity analysis

The foreign currency financial liabilities denominated in US$ are arising from group entities with HK$ as functional currency. As HK$ is pegged to US$, the foreign currency exchange risk is considered to be limited. For the Company having significant US$ financial assets where RMB is the functional currency, it has exposure to the foreign currency exchange risk to US$.

The following table details the Group's sensitivity to a 5% (2020: 5%) increase in RMB against US$. 5% (2020: 5%) is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2020: 5%) change in foreign currency rates. A negative number below indicates decrease in post-tax profit where RMB strengthens 5% (2020: 5%) against US$. For a 5% (2020: 5%) weakening of RMB against US$, there would be an equal and opposite impact on the result.

	2021 **RMB'000**	2020 RMB'000
Impact of US$ on profit/loss for the year	**(23,293)**	(27,901)

The directors of the Company considered the sensitivity analysis is unrepresentative of the inherent foreign exchange rate as the year-end exposure does not reflect the exposure during the relevant years.

(ii) *Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to fixed-rate time deposits with original maturity over three months (see note 24 for details) and lease liabilities (see note 27 for details). The Group is also exposed to cash flow interest rate risk in relation to variable rate restricted bank deposits and bank balances (see note 24 for details).

Management has considered the Group's exposure to cash flow interest rate risk in relation to variable-rate restricted bank deposits and bank balances and fair value interest rate risk in relation to fixed-rate time deposits with original maturity over three months and lease liabilities to be limited because the current market interest rates are relatively low and stable.

The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risk

The Group is exposed to equity price risk through its unquoted investments measured at FVTOCI. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. Sensitivity analyses for equity instruments at FVTOCI, which are unquoted equity securities with fair value measurement categorised within Level 3, were disclosed in note 32c.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, other receivables, amounts due from fellow subsidiaries, restricted bank deposits, time deposits with original maturity over three months and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Trade receivables

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts and sufficient allowance on doubtful debts are provided on timely manner. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, Hong Kong and Macau and Taiwan, which accounted for 68% (2020: 58%), 17% (2020: 22%) and 15% (2020: 20%) of the total trade receivables as at 31 December 2021, respectively. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the remaining trade receivables are grouped under a provision matrix based on different groups of customers which share common risk characteristics that are representative of the customers' ability to pay all amounts due in accordance with the contract terms, and individually for credit-impaired customers. Impairment of approximately RMB11,367,000 (2020: RMB1,621,000) is recognised during the year. Details of the quantitative disclosures are set out below in this note.

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables and amounts due from fellow subsidiaries

The directors of the Company have taken into account internal credit rating based on the historical default experience and credit quality and various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the other financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. For the purpose of impairment assessment, the ECL of these financial assets is measured under 12m ECL and considered to be immaterial as the counterparties to these `financial assets have a high credit rating.

Restricted bank deposits, time deposits with original maturity over three months and bank balances

Credit risk on restricted bank deposits, time deposits with original maturity over three months and bank balances is limited because the counterparties are banks and financial institutions with high credit ratings assigned by international credit rating agencies generally. The Group assessed 12m ECL for restricted bank deposits, time deposits with original maturity over three months and bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on restricted bank deposits, time deposits with original maturity over three months and bank balances is considered to be insignificant.

Other than the concentration of credit risk on restricted bank deposits, time deposits with original maturity over three months and bank balances placed in banks in which the counterparties are financially sound, the Group has no significant concentration of credit risk with exposure spread over a number of counterparties.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default, does not have any past-due amounts and usually settled within credit period	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor with past-due amounts and frequently repays after due dates	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources (with past-due amounts within 1 year)	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired (with past-due amounts over 1 year and no recent repayments)	Lifetime ECL – credit-impaired	Lifetime ECL – not credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount 2021 RMB'000	2020 RMB'000
Financial assets at amortised cost						
Trade receivables	*22*	N/A	*(Note 1)*	Lifetime ECL (provision matrix)	649,296	458,703
			Loss *(Note 1)*	Credit-impaired	7,362	1,465
					656,658	460,168
Other receivables	*22*	N/A	*(Note 2)*	12m ECL	30,679	68,454
Amounts due from fellow subsidiaries	*23*	N/A	*(Note 2)*	12m ECL	495	189
Restricted bank deposits	*24*	BBB+ to A+ (2020: BBB+ to A+)	N/A	12m ECL	8,887	9,143
Time deposits with original maturity over three months	*24*	A- (2020: A-)	N/A	12m ECL	250,076	291,303
Bank balances	*24*	BB+ to AAA (2020: BB+ to AAA)	N/A	12m ECL	795,349	677,908
Total					1,742,144	1,507,165

Notes:

1. For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired, the Group determines the ECL on these items by using a provision matrix, grouped by internal credit rating.

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For the year ended 31 December 2021

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes: (Continued)

1. (Continued)

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL (not credit-impaired). Debtors with credit-impaired with gross carrying amounts of approximately RMB7,362,000 as at 31 December 2021 (2020: RMB1,465,000) were assessed individually.

	2021			2020		
	Average loss rate	Gross trade receivables RMB'000	ECL RMB'000	Average loss rate	Gross trade receivables RMB'000	ECL RMB'000
Assessed based on provision matrix						
Internal credit rating:						
Low risk	0.2%	627,451	1,318	0.2%	440,702	973
Watch list	3.6%	21,845	781	3.6%	18,001	648
		649,296	2,099		458,703	1,621
Assessed individually						
Loss	100%	7,362	7,362	100%	1,465	1,465
		656,658	9,461		460,168	3,086

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2020	1,664	1,533	3,197
Transfer to credit-impaired	(723)	723	–
Impairment losses reversed	(941)	(68)	(1,009)
Impairment loss recognised	1,621	–	1,621
Write-offs	–	(723)	(723)
As at 31 December 2020	1,621	1,465	3,086
Impairment losses reversed	(1,408)	(17)	(1,425)
Impairment loss recognised	1,886	9,481	11,367
Write-offs	–	(3,567)	(3,567)
As at 31 December 2021	2,099	7,362	9,461

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes: (Continued)

1. (Continued)
   All of the above impairment losses related to receivables arising from contracts with customers.

   During the year ended 31 December 2021, impairment loss of approximately RMB1,886,000 (2020: RMB1,621,000) was recognised for not-credit-impaired trade receivables and impairment allowance for trade receivables of approximately RMB1,425,000 (2020: RMB1,009,000) was reversed resulting from subsequent settlement. Impairment loss of approximately RMB9,481,000 (2020: nil) was made on credit-impaired debtors during the year ended 31 December 2021.

2. For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

   As at 31 December 2021 and 2020, the balance is not past due and the internal credit rating is considered as low risk.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows of the Group.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity date for non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Repayable on demand or less than 1 year RMB'000	1-5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2021					
Non-derivative financial liabilities					
Trade and other payables	–	17,456	–	17,456	17,456
Amount due to ultimate holding company	–	10,208	–	10,208	10,208
Amounts due to fellow subsidiaries	–	465	–	465	465
Lease liabilities	4.61	27,387	20,095	47,482	44,970
		55,516	20,095	75,611	73,099

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Weighted average effective interest rate %	Repayable on demand or less than 1 year RMB'000	1-5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2020					
Non-derivative financial liabilities					
Trade and other payables	–	13,802	–	13,802	13,802
Amount due to ultimate holding company	–	9,135	–	9,135	9,135
Amounts due to fellow subsidiaries	–	844	–	844	844
Lease liabilities	4.61	31,348	38,282	69,630	64,942
		55,129	38,282	93,411	88,723

c. Fair value measurements of financial instruments

This note provides information about how the Group determines fair values to various financial assets and financial liabilities.

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

32. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments (Continued)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value as at 31 December 2021 RMB'000	Fair value as at 31 December 2020 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Unlisted equity investments classified as equity instruments at FVTOCI	**9,705**	9,705	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate discount rate. (2020: Market comparison approach)	Revenue growth rate (2020: Price to earnings ratio) Discount rate of 25.53% (2020: N/A)	The higher the revenue growth rate, the higher the fair value (2020: The higher the price to earnings ratio, the higher the fair value). A 1% decrease in the revenue growth rate, holding all other variables constant, would decrease the carrying amount of the equity investments by RMB6,000, vice versa. The higher the discount rate, the lower the fair value (2020: N/A). A 1% increase in the discount rate, holding all other variables constant, would decrease the carrying amount of the equity investments by RMB88,000, vice versa.
Financial assets at FVTPL (Structured deposits)	**-**	90,459	Level 3	N/A (2020: Discounted cash flows – Future cash flows are estimated based on estimated return of which are determined by reference to the change in certain interest rates quoted in the market or the performance of underlying investments as specified in the relevant deposit placements, and discounted at a rate that reflects the credit risk of various counterparties.)	Estimated return	N/A (2020: The higher the estimated return, the higher the fair value, vice versa. A 1% decrease in the estimated return, holding all other variables constant, would decrease the carrying amount of the financial assets by RMB140,000, vice versa.)

There was no transfer among the different levels of the fair value hierarchy for both years.

32. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments (Continued)

(ii) Reconciliation of Level 3 fair value measurements

The following table presents the reconciliation of Level 3 fair value measurements of the structured deposits and unlisted investments classified as equity instruments at FVTOCI during the reporting period:

	Structured deposits RMB'000
At 1 January 2020	112,000
Purchase of structured deposits	446,000
Redemption of structured deposits	(471,537)
Net gain on structured deposits	3,996
At 31 December 2020	90,459
Purchase of structured deposits	150,402
Redemption of structured deposits	(242,443)
Net gain on structured deposits	1,582
At 31 December 2021	–

	Unlisted investments classified as equity instruments at FVTOCI RMB'000
As at 1 January 2020, 31 December 2020 and 31 December 2021	9,705

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value

The directors of the Company consider that the carrying amount of the Group's financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

(iv) Fair value measurement and valuation process

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group may engage third party qualified valuers to perform the valuation or obtain relevant data from the banks or other relevant parties, if applicable. The finance department of the Company works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed above.

33. SURETY BONDS AND CONTINGENT LIABILITY

Certain customers of service contracts undertaken by the Group require the Group to issue guarantees for performance of contract works in the form of surety bonds.

The Group had outstanding performance bonds, for which certain restricted bank deposits are pledged (note 24), as follows:

	2021 RMB'000	2020 RMB'000
Issued by the banks	**8,887**	9,143

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Amount due to ultimate holding company (non-trade nature) RMB'000	Amounts due to fellow subsidiaries (non-trade nature) RMB'000	Lease liabilities RMB'000	Dividends payables RMB'000	Total RMB'000
At 1 January 2020	7,902	211	81,844	–	89,957
Financing cash flows	–	(211)	(34,387)	(55,545)	(90,143)
Non-cash changes					
Interest expense recognised *(note 8)*	–	–	3,975	–	3,975
Dividends declared	–	–	–	55,545	55,545
New leases entered	–	–	14,949	–	14,949
Exchange adjustments	(486)	–	(1,439)	–	(1,925)
At 31 December 2020	7,416	–	64,942	–	72,358
Financing cash flows	–	–	(32,795)	(58,246)	(91,041)
Non-cash changes					
Interest expense recognised *(note 8)*	–	–	2,851	–	2,851
Dividends declared	–	–	–	58,246	58,246
New leases entered	–	–	10,726	–	10,726
Exchange adjustments	(212)	–	(754)	–	(966)
At 31 December 2021	7,204	–	44,970	–	52,174

35. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group has entered into the following significant transactions with related parties:

	Nature of transaction	2021 RMB'000	2020 RMB'000
Ultimate holding company	License fee expense	9,286	7,622
	Information technology services expense	77	108
	Manpower Employment Outlook Survey license fee expense	163	90
Fellow subsidiaries	Flexible staffing service income	3,356	2,633
	Flexible staffing service expense	472	404
	Other HR services income	1,167	622
	Other HR services expense	24	72
	Software licensing and maintenance services expense	–	368

Compensation of key management personnel

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

	2021 RMB'000	2020 RMB'000
Short-term employee benefits	11,680	10,307
Post-employment benefits	138	78
Equity-settled share-based payments	1,018	452
	12,836	10,837

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

General information of subsidiaries

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid capital/ registered capital	Equity interest attributable to the Company 2021	2020	Principal activities
Directly held:					
ManpowerGroup Greater China (BVI) Limited	BVI 30 September 2014	HK$334,296,674	100%	100%	Investment holding
Indirectly held:					
萬寶盛華人力資源(中國)有限公司 ManpowerGroup (China) Human Resources Co., Ltd.*	Shanghai 18 March 2003	US$4,800,000	100%	100%	Human resource services
萬寶盛華企業管理諮詢(上海)有限公司 Manpower Enterprise Management Consulting (Shanghai) Co., Ltd.*	Shanghai 10 February 2012	RMB5,000,000	100%	100%	Human resource services
萬寶盛華信息科技(上海)有限公司 Manpower Information Technology (Shanghai) Co., Ltd.*	Shanghai 25 July 2014	RMB2,000,000	100%	100%	Human resource services
萬寶盛華睿信教育科技廣東有限公司 Manpower Ruixin Education Technology Guangdong Co., Ltd.*	Foshan 18 August 2016	RMB10,000,000	100%	100%	Career training
萬寶瑞華人才管理諮詢(上海)有限公司 Experis Management Consulting (Shanghai) Co., Ltd.*	Shanghai 22 May 2012	RMB5,000,000	100%	100%	Human resource services

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

General information of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid capital/ registered capital	Equity interest attributable to the Company 2021	2020	Principal activities
Indirectly held: (Continued)					
萬寶瑞華人才管理諮詢(北京)有限公司 Experis Management Consulting (Beijing) Co., Ltd.*	Beijing 12 January 2015	RMB500,000	100%	100%	Human resource services
Xi'an Fesco	Xi'an 29 May 1997	RMB2,000,000	60%	60%	Human resource services
睿仕管理諮詢(上海)有限公司 Right Management Consulting (Shanghai) Co., Ltd.*	Shanghai 20 January 2015	RMB5,000,000	100%	100%	Human resource services
萬寶瑞華人才管理諮詢(深圳)有限公司 Experis Management Consulting (Shenzhen) Co., Ltd.	Shenzhen 8 May 2019	RMB2,000,000	100%	100%	Human resource services
招才招單信息科技(上海)有限公司	Shanghai 17 January 2020	RMB10,000,000	100%	100%	Consultancy services
萬寶簡斯(上海)智能科技有限公司 Jansis Intelligent Technology (Shanghai) Co., Ltd.*	Shanghai 6 March 2020	RMB5,000,000	100%	100%	Consultancy services
ManpowerGroup Greater China (HK) Limited	Hong Kong 8 October 2014	HK$299,558,242	100%	100%	Investment holding
Manpower Services HK	Hong Kong 6 January 1997	HK$66,982,831	100%	100%	Human resource services

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

General information of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid capital/ registered capital	Equity interest attributable to the Company 2021	2020	Principal activities
Indirectly held: (Continued)					
ManpowerGroup Solutions Holdings Hong Kong Limited	Hong Kong 8 October 2014	HK$43,026,193	60%	60%	Investment holding
Legal Futures (HK) Limited	Hong Kong 20 September 2002	HK$10,000	100%	100%	Executive recruitment consultancy service
Event Elite	Hong Kong 12 July 2000	HK$14,286	50.99%	50.99%	Flexible staffing service
Manpower Services (Macau) Limited	Macau 26 July 2007	MOP300,000	100%	100%	Human resource services
Right Management Hong Kong Holdings Limited	Hong Kong 20 October 2014	HK$1	100%	100%	Out placement and leadership development services
Manpower Outsourcing Services (Macau) Limited	Macau 6 July 2017	MOP25,000	100%	100%	Human resource services
萬寶華企業管理顧問股份有限公司 Manpower Services (Taiwan) Co., Ltd.*	Taiwan 23 July 1997	Ordinary shares TWD10,000,000	60%	60%	Human resource services

* *For identification purposes only*

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of a non-wholly-owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2021	2020	2021	2020	2021	2020
				RMB'000	RMB'000	RMB'000	RMB'000
ManpowerGroup Solutions Holdings Hong Kong Limited	Hong Kong and Taiwan	40%	40%	10,012	7,621	55,036	45,426
Individually immaterial subsidiaries with non-controlling interests				3,307	(91)	20,358	19,787
				13,319	7,530	75,394	65,213

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

ManpowerGroup Solutions Holdings Hong Kong Limited and its subsidiaries

	2021	2020
	RMB'000	RMB'000
Current assets	227,737	186,845
Non-current assets	11,666	10,363
Current liabilities	95,390	82,184
Non-current liabilities	6,423	1,459
Equity attributable to owners of the Company	82,554	68,139
Non-controlling interests of ManpowerGroup Solutions Holdings Hong Kong Limited	55,036	45,426

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

ManpowerGroup Solutions Holdings Hong Kong Limited and its subsidiaries (Continued)

	2021 RMB'000	2020 RMB'000
Revenue	882,403	838,790
Expenses	857,374	819,738
Profit for the year	25,029	19,052
Profit attributable to owners of the Company	15,017	11,431
Profit attributable to the non-controlling interests of ManpowerGroup Solutions Holdings Hong Kong Limited	10,012	7,621
Profit for the year	25,029	19,052
Other comprehensive (expense) income attributable to owners of the Company	(602)	1,775
Other comprehensive (expense) income attributable to the non-controlling interests of ManpowerGroup Solutions Holdings Hong Kong Limited	(402)	1,183
Other comprehensive (expense) income for the year	(1,004)	2,958
Total comprehensive income attributable to owners of the Company	14,415	13,206
Total comprehensive income attributable to the non-controlling interests of ManpowerGroup Solutions Holdings Hong Kong Limited	9,610	8,804
Total comprehensive income for the year	24,025	22,010

	2021 RMB'000	2020 RMB'000
Net cash inflow from operating activities	45,688	57,750
Net cash (outflow) inflow from investing activities	(6,582)	14
Net cash outflow from financing activities	(37,079)	(20,115)
Net cash inflow	2,027	37,649

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	264,960	264,960
Amounts due from subsidiaries	465,866	558,012
	730,826	822,972
CURRENT ASSETS		
Prepayments and other receivables	–	405
Bank balances and cash	4,201	6,209
	4,201	6,614
CURRENT LIABILITIES		
Accruals	8,311	8,079
Amounts due to subsidiaries	–	17,915
	8,311	25,994
NET CURRENT LIABILITIES	(4,110)	(19,380)
NET ASSETS	726,716	803,592
CAPITAL AND RESERVES		
Share capital (see note 28)	1,830	1,830
Reserves	724,886	801,762
TOTAL EQUITY	726,716	803,592

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

	Share premium RMB'000	Shares held for RSU Scheme RMB'000	Share-based payments reserve RMB'000	(Accumulated losses) retained profits RMB'000	Total RMB'000
At 1 January 2020	867,526	–	352	23,415	891,293
Loss and total comprehensive expense for the year	–	–	–	(40,464)	(40,464)
Recognition of equity-settled share-based payments	–	–	2,117	–	2,117
Dividends paid	(51,184)	–	–	–	(51,184)
At 31 December 2020	816,342	–	2,469	(17,049)	801,762
Loss and total comprehensive expense for the year	–	–	–	(20,566)	(20,566)
Purchase of shares under RSU Scheme	–	(6,792)	–	–	(6,792)
Recognition of equity-settled share-based payments	–	–	6,517	–	6,517
Dividends paid	(56,035)	–	–	–	(56,035)
At 31 December 2021	760,307	(6,792)	8,986	(37,615)	724,886

38. EVENT AFTER THE REPORTING PERIOD

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

Financial Summary

	Year ended 31 December				
	2021	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from continuing operations	**3,968,874**	3,222,631	3,041,513	2,491,494	2,006,922
Profit for the year from continuing operations	**152,488**	133,887	120,478	108,265	89,541
Profit for the year from discontinued operation	**–**	–	–	5,030	5,021
Profit for the year	**152,488**	133,887	120,478	113,295	94,562
Profit for the year attributable to owners of the Company:					
– from continuing operations	**139,169**	126,357	110,149	95,040	81,376
– from discontinued operation	**–**	–	–	3,116	3,013
Profit for the year attributable to owners of the Company	**139,169**	126,357	110,149	98,156	84,389
Adjusted profit attributable to owners of the Company from continuing operations	**145,686**	136,200	134,975	113,235	84,389

	As at 31 December				
	2021	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets	**257,936**	274,748	259,207	181,081	146,980
Current assets	**1,731,620**	1,585,754	1,470,700	952,280	980,162
Total assets	**1,989,556**	1,860,502	1,729,907	1,133,361	1,127,142
EQUITY AND LIABILITIES					
Total equity	**1,329,774**	1,256,405	1,219,075	722,709	749,536
Non-current liabilities	**40,382**	52,758	57,909	6,875	6,948
Current liabilities	**619,400**	551,339	452,923	403,777	370,658
Total liabilities	**659,782**	604,097	510,832	410,652	377,606
Total equity and liabilities	**1,989,556**	1,860,502	1,729,907	1,133,361	1,127,142