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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6919)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

SUMMARY OF INTERIM RESULTS

	Six months ended 30 June		
	2022	2021	**Change**
RESULTS	**RMB'000**	RMB'000	
	(Unaudited)	*(Unaudited)*	
Revenue	**1,733,889**	2,128,315	**-18.5%**
Operating (loss)/profit	**(29,619)**	84,807	**N/A**
(Loss)/profit for the period	**(24,615)**	74,654	**N/A**
Net cash used in operating activities	**(19,749)**	(63,364)	**-68.8%**
NON-HKFRS MEASURES	***(Unaudited)***	*(Unaudited)*	
Adjusted net (loss)/profit(1)	**(22,372)**	81,005	**N/A**
Adjusted net margin (%)(2)	**-1.3**	3.8	**N/A**

Notes:

(1) Adjusted net (loss)/profit refers to the net (loss)/profit excluding share-based payment expenses under the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme of the Company. Adjusted net (loss)/profit is not a measure required by or presented in accordance with HKFRS. The use of this non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operation or financial condition as reported under HKFRS.

(2) Adjusted net margin is calculated as the adjusted net (loss)/profit as a percentage of the revenue for the same period.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022.

BUSINESS REVIEW AND OUTLOOK

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

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

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

MARKET REVIEW

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

Actively implement cost control to embrace changes

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

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

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

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

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

– setting up talent industry groups to better serve clients from various industries, with a focus on industries requiring a huge number of digital talents. Such key industries include new energy vehicles, financial institutions and banks, high-end manufacturing and others; and

– establishing a recruitment centre for digital talents to improve our insight into digital talent and digital capabilities, so as to provide clients with inter-disciplinary talents for their business development needs.

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

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

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

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

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

Note 1: According to CIC

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

Further optimize revenue structure driven by large-scale clients

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

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

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

	Six months ended 30 June			
	2022		2021	
	Revenue RMB'000	**% to total revenue**	Revenue RMB'000	% to total revenue
Comprehensive flexible staffing	**1,695,163**	**97.8**	2,069,867	97.3
Professional recruitment	**29,275**	**1.7**	47,996	2.3
Other human resources solutions	**9,451**	**0.5**	10,452	0.5
Total	**1,733,889**	**100.0**	2,128,315	100.0

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

Comprehensive Flexible Staffing

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

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

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

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

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

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

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

Professional Recruitment

For the six months ended 30 June 2022, revenue from professional recruitment amounted to approximately RMB29.3 million, representing a decrease of approximately 39.0% as compared to approximately RMB48.0 million for the six months ended 30 June 2021. The decrease in the revenue generated from professional recruitment in the first half of 2022 was mainly because the development of the Group's recruitment business was affected by the resurgence of COVID-19 pandemic since early 2022, which has rendered customers more cautious in expanding staff and the resultant decline in staffing demand. We have placed 8,615 employees for our customers in the first half of 2022, representing a decrease of approximately 60.9% compared to the 22,018 employees we placed in the first half of 2021. Although the overall revenue from professional recruitment and the number of recruitments made decreased in the first half of 2022 as compared to the first half of 2021, the Group's revenue from professional recruitment for information technology and digital talents amounted to approximately RMB 8.1 million, representing an increase of approximately 179.3% from approximately RMB2.9 million for the six months ended 30 June 2021. This reflects the huge demand in the information technology and digital talent services market. Our professional recruitment has gradually expanded from serving customers requiring continuous bulk employment for general positions to those holding professional positions with higher unit price, further expanding the breadth of the talent pool and improving the precision of candidate matching, and establishing our competition barriers. As a result, the average unit price of our professional recruitment services has increased from approximately RMB2,142.2 per person in the first half of 2021 to approximately RMB3,398.2 per person in the first half of 2022.

Other HR Solutions

Corporate Training

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

Labour Dispatch Services

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

Other Miscellaneous Services

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

Cost

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

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

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

Gross Profit and Gross Profit Margin

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

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

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

(a) The gross profit margin of comprehensive flexible staffing services decreased from approximately 6.3% for the first half of 2021 to approximately 3.1% for the first half of 2022, which was mainly due to the fact that: (i) the fees charged for the comprehensive flexible staffing services of the information auditing and customer service for the first half of 2021 under the Cooperation Agreement which has been terminated in mid-January had a relatively higher premium; (ii) affected by the resurgence of the COVID-19 pandemic, digital operation and customer service business failed to grow as expected. The Xi'an Service Center (西安服務中心), which was completed and put into use in 2021, had a high vacancy rate, and the cost of idling led to a decline in gross profit margin; and (iii) approximately RMB5.0 million of one-off expenses was incurred by the adjustment of organizational structure under the cost reduction and efficiency enhancement measures implemented by the Group in the first half of 2022. The cost reduction and efficiency enhancement measures involve: closing seven second-tier service locations in Hangzhou, Ningbo, Hefei, Zhengzhou, Jinan, Chongqing and Changsha, and integrating the businesses operated by the said locations into the regional centers for operation. Such measures could help realize centralized management of recruitment and comprehensive flexible staffing service teams, streamline organization and optimize resource allocation, thereby focusing on serving high-value customers and reducing operating costs.

(b) The gross profit margin of professional recruitment services decreased from approximately 35.9% in the first half of 2021 to approximately 23.4% in the first half of 2022, which was mainly due to the decline of the recruitment needs of the customers in light of the resurgence of the COVID-19 pandamic. Since the beginning of 2022, a number of cities in China have implemented pandemic prevention and control measures, which have made it difficult for the Group to effectively arrange recruitment for customers, and also customers have become more cautious in expanding staff, leading to a fall in the recruitment need. However, due to the fact that the fixed costs such as the rent of the long-term leased office for the purpose of developing professional recruitment services and the wages for advisors and other internal employees remain unchanged, the gross profit margin of our professional recruitment services has declined.

(c) The gross profit margin of other HR solutions (comprising corporate training services, labour dispatch services and other miscellaneous services) decreased from approximately 79.6% in the first half of 2021 to approximately 66.8% in the first half of 2022, which was mainly due to the fact that (i) the gross profit margin of labour dispatch services decreased; and (ii) as affected by the resurgence of the COVID-19 pandemic, no corporate training service income was recorded in the first half of 2022 while the costs associated with the training lecturers remained unchanged.

Selling and Marketing Expenses

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

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

R&D Expenses

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

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

Administrative Expenses

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

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

HR

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

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

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

The Group offers competitive remuneration packages to its internal employees, which are determined in accordance with the relevant laws and regulations in the places where the Group operates and the individual qualifications, experience and performance of the employees concerned, as well as market salary levels. For the six months ended 30 June 2022, the Group's labour costs amounted to approximately RMB1,658.7 million, of which internal labour costs amounted to approximately RMB 117.3 million, representing a decrease of approximately RMB 4.8 million or approximately 3.9% as compared to that in the first half of 2021. This was mainly due to the cost reduction measures implemented by the Group for efficient operation in the first half of 2022, which effectively controlled the increase in internal staff costs. Despite the various measures we implemented to reduce costs and increase efficiency amid the resurgence of the COVID-19 pandemic and the expiry of the Cooperation Agreement, the Group granted share options to internal employees in June 2022, with the largest coverage and the greatest incentives since the Company's initial public offering, for the purpose of motivating internal employees to keep their spirit of hard work during the strategic upgrade that the Group is undergoing and strive together with the Group through the hardest times toward the achievement of business development goal. A total of 11,350,000 share options were granted to five directors and 199 internal employees on 17 June 2022, resulting in share-based payment expenses of approximately RMB2.2 million. For details, please refer to the announcement of the Company dated 17 June 2022.

Other Income

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

Other (Losses)/Gains, Net

For the six months ended 30 June 2022, other losses, net amounted to approximately RMB12.5 million, while other gains, net for the six months ended 30 June 2021 amounted to approximately RMB 2.0 million. The change from other gains, net in the first half of 2021 to other losses, net in the first half of 2022 was mainly due to the net effect of: (i) the financial performance of two subsidiaries of the Group acquired in 2021, namely Shanghai Lingshi and Jiangnan Finance Technology, for the year ended 30 June 2022 had declined as compared to the year ended 30 June 2021, due to the changing market environment and higher operating costs in 2022, resulting in an impairment of goodwill of approximately RMB16.4 million. This was largely offset by gains from the protection mechanism for the Group linking to the performance targets being triggered at the same time, including a gain of approximately RMB8.4 million as the Group is not obliged to pay the final instalment for acquiring share option, and a gain of approximately RMB8.8 million associated with a call option for the Group to acquire further equity interests in Shanghai Lingshi and Jiangnan Finance Technology; (ii) a loss of approximately RMB8.5 million from change in fair value of the investment grade corporate bonds and bond funds purchased with idle funds, and a loss of approximately RMB2.5 million from disposing of investment grade bonds purchased with idle funds; (iii) in the first half of 2022, the Group implemented cost control measures. The closure of seven secondary service locations including Hangzhou resulted in a one-off loss of approximately RMB1.4 million for office decoration and furniture scrapping and the loss of approximately RMB0.2 million for the early termination of the lease contract; and (iv) Greedy Technology and Kumao Robot, two companies the Group invested in, suffered losses on fair value changes in equity prices of RMB0.9 million in the first half of 2022.

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

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

Operating (Loss)/Profit

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

Finance Income

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

Finance Costs

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

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

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

(Loss)/Profit before Income Tax

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

(Loss)/Profit for the Period

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

Non-HKFRS Measures

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

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

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

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

Net Current Assets

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

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

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

Trade and Notes Receivables

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

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

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

Notes:

(1) Calculated as the average balance of trade receivables at the beginning and end of a period divided by the revenue for the period then multiplied by the number of days (i.e. 365 days for a year and 180 days for six months).

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

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

Prepayments, Deposits and Other Receivables

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

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

Financial Assets at FVOCI

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

Financial assets at fair value through profit or loss

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

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

Trade and Other Payables

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

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

Current Income Tax Liabilities

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

Property, Plant and Equipment

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

Intangible Assets

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

Investments In Joint Ventures Accounted for Using the Equity Method

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

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

Derivative Financial Instruments

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

Other Non-current Assets

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

Deferred Income Tax Assets

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

KEY FINANCIAL RATIOS

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

	For the six months ended 30 June		
	2022	2021	2020
Total revenue growth	**-18.5%**	78.0%	11.0%
Adjusted net (loss)/profit growth (non-HKFRS)(1)	**-127.6%**	52.8%	-9.3%
Gross profit margin(2)	**3.8%**	7.3%	8.3%
Adjusted net margin (non-HKFRS)(3)	**-1.3%**	3.8%	4.4%
	30 June 2022	31 December 2021	31 December 2020
Adjusted current ratio (times)(4)	**1.9**	1.6	1.6

Notes:

(1) Adjusted net (loss)/profit (non-HKFRS) is defined as the net profit or loss for the six months ended 30 June 2022, 2021 and 2020 excluding share-based payment expenses under the Post-IPO Share Option Scheme and Post-IPO Share Award Scheme, where applicable.

(2) Gross profit margin equals gross profit for the six months ended 30 June 2022, 2021 and 2020 divided by revenue and multiplied by 100%.

(3) Adjusted net margin (non-HKFRS) is calculated as the adjusted net profit as a percentage of the revenue for the same period.

(4) Adjusted current ratio is calculated as the adjusted current assets divided by the current liabilities for each year ended 31 December 2020 and 2021 and six months ended 30 June 2022. The adjusted current assets is defined as the current assets excluding the Net Proceeds received and unutilised, where applicable.

Adjusted Net Margin

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

Adjusted Current Ratio

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

Liquidity and Capital Resources

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

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

TREASURY POLICIES

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

CASH FLOWS

Net Cash Used in Operating Activities

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

Net Cash (Used in)/Generated from Investing Activities

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

Net Cash Used in Financing Activities

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

CAPITAL STRUCTURE

Indebtedness

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

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

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

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

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

CAPITAL EXPENDITURE

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

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

FOREIGN EXCHANGE RISK

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

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

CHARGES ON THE GROUP'S ASSETS

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

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

Shanghai Ruiying, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Neusoft Holdings on 7 March 2022 for the acquisition of 46.0% equity interests in Shanghai Sirui from Neusoft Holdings at a total consideration of approximately RMB408.0 million. Shanghai Sirui is an information technology and software outsourcing service provider dedicated to providing customers with digital transformation and information technology services. Upon completion of the Acquisition, the Company will be entitled to appoint a majority of the members of the board of directors of Shanghai Sirui. As the Company will have the decision-making power over the relevant activities of Shanghai Sirui, Shanghai Sirui will become a non-wholly owned subsidiary of the Company and the financial results of Shanghai Sirui will be consolidated into the financial statements of the Group. Due to the prevention and control measures implemented in Shanghai and Shenyang since late March 2022 to combat the COVID-19 pandemic, the completion of the work related to the Acquisition was delayed. As at the date of this announcement, the reporting accountant is still conducting the audit of Shanghai Sirui.

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

FUTURE PLANS ON SIGNIFICANT INVESTMENTS

To strengthen our position as the largest flexible staffing services provider in the PRC, we plan to utilise the Net Proceeds to carry out certain expansion projects. Details for the expansion projects are set out in the paragraph headed "USE OF NET PROCEEDS FROM THE LISTING" in this announcement and the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 3 December 2019 (the "Prospectus").

EVENTS OCCURRED AFTER THE REPORTING PERIOD

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

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

INTERIM RESULTS

The Board announces the unaudited consolidated interim results of the Group for the six months ended 30 June 2022 with comparative figures for the six months ended 30 June 2021 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022

	Note	Six months ended 30 June 2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	4	**1,733,889**	2,128,315
Cost of revenue		**(1,668,144)**	(1,971,904)
Gross profit		**65,745**	156,411
Selling and marketing expenses		**(24,447)**	(39,981)
Research and development expenses		**(13,254)**	(7,243)
Administrative expenses		**(57,637)**	(47,218)
(Provision for)/reversal of net impairment losses on financial assets		**(3,328)**	2,776
Other income	5	**15,824**	18,051
Other (losses)/gains, net	6	**(12,522)**	2,011
Operating (loss)/profit		**(29,619)**	84,807
Finance income	7	**1,981**	4,293
Finance costs	7	**(3,025)**	(2,315)
Finance (costs)/income, net	7	**(1,044)**	1,978
Share of results of joint ventures		**2,071**	323
(Loss)/profit before income tax		**(28,592)**	87,108
Income tax credits/(expenses)	8	**3,977**	(12,454)
(Loss)/profit for the period		**(24,615)**	74,654
(Loss)/profit is attributable to:			
- Equity holders of the Company		**(25,425)**	74,884
- Non-controlling interests		**810**	(230)
(Loss)/earnings per share (expressed in RMB per share)			
- Basic (loss)/earnings per share	9	**(0.17)**	0.49
- Diluted (loss)/earnings per share	9	**(0.17)**	0.45

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS)/ INCOME

For the six months ended 30 June 2022

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

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

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2022

	Note	**30 June 2022 RMB'000 *(Unaudited)***	31 December 2021 RMB'000 *(Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment		**87,177**	113,213
Intangible assets	10	**70,824**	91,311
Investments in joint ventures accounted for using the equity method		**23,643**	21,572
Investment in associate accounted for using the equity method		**4,900**	—
Financial assets at fair value through profit or loss	11	**43,335**	19,946
Derivative financial instruments	11	**10,787**	2,085
Other non-current assets	11	**261,673**	73,925
Deferred income tax assets		**23,711**	12,237
Restricted cash	11	**3,000**	6,002
Total non-current assets		**529,050**	340,291
Current assets			
Trade and notes receivables	12	**521,185**	760,961
Prepayments, deposits and other receivables		**45,801**	38,778
Financial assets at fair value through other comprehensive income	11	**—**	102,105
Financial assets at fair value through profit or loss	11	**117,124**	112,177
Restricted cash	11	**3,276**	241
Cash and cash equivalents	11	**480,658**	638,373
Total current assets		**1,168,044**	1,652,635
Total assets		**1,697,094**	1,992,926

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 June 2022

	Note	**30 June 2022 RMB'000 *(Unaudited)***	31 December 2021 RMB'000 *(Audited)*
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**53**	53
Share premium		**2,167,083**	2,199,102
Shares held for share-based payment scheme		**(87,887)**	(87,887)
Other reserves		**(51,205)**	(68,394)
Accumulated losses		**(813,470)**	(788,045)
		1,214,574	1,254,829
Non-controlling interests		**23,713**	22,903
Total equity		**1,238,287**	1,277,732
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**6,089**	6,789
Lease liabilities		**36,481**	50,762
Total non-current liabilities		**42,570**	57,551
Current liabilities			
Trade and other payables	13	**373,679**	588,928
Contract liabilities		**9,184**	14,611
Current income tax liabilities		**7,056**	17,734
Financial liabilities at fair value through profit or loss	11	**—**	4,245
Borrowings		**—**	5,017
Lease liabilities		**26,318**	27,108
Total current liabilities		**416,237**	657,643
Total liabilities		**458,807**	715,194
Total equity and liabilities		**1,697,094**	1,992,926

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2022

	Note	Attributable to equity holders of the Company							
		Share capital RMB'000	Share premium RMB'000	Shares held for share-based payment scheme RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
(Unaudited)									
Balance at 1 January 2021		53	2,252,478	(66,609)	(62,048)	(889,712)	1,234,162	1,901	1,236,063
Comprehensive income									
Profit for the period		–	–	–		74,884	74,884	(230)	74,654
Other comprehensive loss									
– Currency translation differences		–	–	–	(5,304)	–	(5,304)	–	(5,304)
– Changes in the fair value of financial assets at fair value through other comprehensive income		–	–	–	547	–	547	–	547
Total comprehensive income		–	–	–	(4,757)	74,884	70,127	(230)	69,897
Transactions with equity holders in their capacity as equity holders									
Share-based compensation		–	–	–	6,555	–	6,555	–	6,555
Exercise of share options		–	57	–	–	–	57	–	57
Dividends declared	14	–	(54,708)	–	–	–	(54,708)	–	(54,708)
Acquisitions of shares held for share-based payment scheme		–	–	(21,278)	–	–	(21,278)	–	(21,278)
Total transactions with equity holders in their capacity as equity holders		–	(54,651)	(21,278)	6,555	–	(69,374)	–	(69,374)
Balance at 30 June 2021		53	2,197,827	(87,887)	(60,250)	(814,828)	1,234,915	1,671	1,236,586

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Note	Six months ended 30 June **2022** **RMB'000** ***(Unaudited)***	 2021 RMB'000 *(Unaudited)*
Cash flows used in operating activities			
Cash used in operations		**(874)**	(39,809)
Income tax paid		**(18,875)**	(23,555)
Net cash used in operating activities		**(19,749)**	(63,364)
Cash flows (used in)/from investing activities			
Purchase of property, plant and equipment		**(8,768)**	(14,368)
Purchase of financial assets at fair value through profit or loss		**(200,000)**	(227,264)
Prepayment for acquisition of subsidiaries		**(183,609)**	—
Payment for acquisition of subsidiaries	13	**(14,702)**	—
Purchase of financial assets at fair value through other comprehensive income		**—**	(197,910)
Purchase of intangible assets		**—**	(2,745)
Proceeds from disposal of property, plant and equipment		**2,340**	12
Proceeds from disposal of financial assets at fair value through profit or loss		**170,314**	228,725
Proceeds from disposal of financial assets at fair value through other comprehensive income		**102,027**	346,070
Interest received from cash and cash equivalents		**1,940**	3,923
Net cash (used in)/generated from investing activities		**(130,458)**	136,443
Cash flows used in financing activities			
Proceeds from exercise of share options		**111**	57
Proceeds from borrowings		**9,020**	—
Acquisition of shares held for share-based payment scheme		**—**	(21,278)
Payment of lease liabilities		**(12,609)**	(17,573)
Repayments of borrowings		**(14,037)**	—
Interest paid		**(213)**	—
Net cash used in financing activities		**(17,728)**	(38,794)
Net (decrease)/increase in cash and cash equivalents		**(167,935)**	34,285
Cash and cash equivalents at beginning of the period		**638,373**	967,225
Effects of exchange rate changes on cash and cash equivalents		**10,220**	(1,640)
Cash and cash equivalents at end of the period		**480,658**	999,870

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

NOTES

1 General information

The Company was incorporated in the Cayman Islands on 14 October 2011 as an exempted company with limited liability. The registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Group are principally engaged in the provision of comprehensive flexible staffing services, professional recruitment services and other human resources ("**HR**") solutions services in the People's Republic of China (the "**PRC**"). The ultimate controlling parties of the Company are Mr. Zhang Jianguo, Mr. Zhang Feng and Ms. Zhang Jianmei.

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

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

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

2 Basis of preparation

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

The unaudited condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2021, which have been prepared in accordance with HKFRS issued by the HKICPA.

3 Accounting policies

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

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

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

- Annual Improvements to HKFRS Standards 2018 –2020
- Amendments to HKAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

- Amendments to HKAS 37 - Onerous Contracts - Cost of Fulfilling a Contract
- Amendments to HKFRS 3 - Reference to the Conceptual Framework
- Amendments to AG 5 (Revised) - Merger Accounting for Common Control Combinations

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

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

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

4 Segment information and revenue

(a) Description of segments and principal activities

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

Comprehensive flexible staffing

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

Professional recruitment

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

Other HR solutions

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

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

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

(b) Segment results and other information

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

	Six months ended 30 June 2022			
	Comprehensive flexible staffing RMB'000 ***(Unaudited)***	**Professional recruitment RMB'000** ***(Unaudited)***	**Other HR solutions RMB'000** ***(Unaudited)***	**Total RMB'000** ***(Unaudited)***
Segment revenue	**1,695,163**	**29,275**	**9,451**	**1,733,889**
Segment gross profit	**52,588**	**6,847**	**6,310**	**65,745**
Unallocated:				
Selling and marketing expenses				**(24,447)**
Research and development expenses				**(13,254)**
Administrative expenses				**(57,637)**
Other income *(Note 5)*				**15,824**
Other losses, net *(Note 6)*				**(12,522)**
Provision for net impairment losses on financial assets				**(3,328)**
Finance costs, net *(Note 7)*				**(1,044)**
Share of results of joint ventures				**2,071**
Loss before income tax				**(28,592)**
Income tax credits *(Note 8)*				**3,977**
Loss for the period				**(24,615)**

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

	Six months ended 30 June 2021			
	Comprehensive flexible staffing	Professional recruitment	Other HR solutions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Segment revenue	2,069,867	47,996	10,452	2,128,315
Segment gross profit	130,873	17,223	8,315	156,411
Unallocated:				
Selling and marketing expenses				(39,981)
Research and development expenses				(7,243)
Administrative expenses				(47,218)
Other income *(Note 5)*				18,051
Other gains, net *(Note 6)*				2,011
Reversal of net impairment losses on financial assets				2,776
Finance income, net *(Note 7)*				1,978
Share of results of joint ventures				323
Profit before income tax				87,108
Income tax expense *(Note 8)*				(12,454)
Profit for the period				74,654

(c) Segment assets and segment liabilities

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

(d) Disaggregation of revenue from contracts with customers

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

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

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

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

Six months ended 30 June 2022	**Comprehensive flexible staffing RMB'000** *(Unaudited)*	**Professional recruitment RMB'000** *(Unaudited)*	**Other HR solutions RMB'000** *(Unaudited)*	**Total RMB'000** *(Unaudited)*
Timing of revenue recognition				
At a point in time	**—**	**28,396**	**813**	**30,009**
Over time	**1,695,163**	**879**	**8,638**	**1,703,880**
	1,695,163	**29,275**	**9,451**	**1,733,889**

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

5 Other income

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

6 Other (losses)/gains, net

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	*(Unaudited)*
Impairment of goodwill *(Note 10)*	**(16,372)**	—
Net (losses)/gains on disposal of property, plant and equipment	**(1,356)**	11
Exchange gains - net	**124**	697
(Losses)/gains on early termination of lease contracts	**(240)**	88
Net fair value (losses)/gains on financial products at FVPL	**(8,518)**	1,187
Net (losses)/gains on disposal of financial products at FVOCI	**(2,496)**	280
Fair value gains/(losses) on derivative financial instruments	**8,702**	(273)
Fair value gains on other financial assets at FVPL	**8,424**	—
Fair value losses from remeasurement of equity investments at FVPL	**(790)**	—
Others	**—**	21
	(12,522)	2,011

7 Finance income and costs

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

8 Income tax credits/(expenses)

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

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

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

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

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

9 (Loss)/earnings per share

(a) Basic (loss)/earnings per share

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

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

(b) Diluted (loss)/earnings per share

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

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

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

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

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

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

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

10 Intangible assets

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

(a) Impairment of goodwill

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

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

According to the management's estimation of the recoverable amount of the CGU with the assistance of an independent valuer, which was calculated based on its value in use that was assessed to be higher than its fair value less costs to sell, an impairment loss of RMB16,372,000 (six months ended 30 June 2021: nil) for this CGU was recognised for the six months ended 30 June 2022, resulted in a reduction in the carrying amount of the goodwill from RMB58,673,000 to RMB42,300,000 as at 30 June 2022.

11 Financial instruments by category

The Group held the following financial instruments:

Financial assets

	Note	**As at 30 June 2022 RMB'000 *(Unaudited)***	As at 31 December 2021 RMB'000 *(Audited)*
Financial assets at amortised cost			
Trade and notes receivables	12	**521,185**	760,961
Deposits and other receivables		**4,477**	9,433
Other non-current assets (i)		**78,064**	73,925
Restricted cash		**6,276**	6,243
Cash and cash equivalents		**480,658**	638,373
Financial assets at fair value through other comprehensive income			
Wealth management products purchased from banks (ii)		**—**	102,105
Financial assets at fair value through profit or loss			
Wealth management products purchased from banks (ii)		**117,124**	112,177
Investments in joint ventures at fair value through profit or loss (iii)		**39,156**	19,946
Contingent consideration receivable (iv)		**4,179**	—
Derivative financial instruments (iv)		**10,787**	2,085
		1,261,906	1,725,248

Financial liabilities

	Note	**As at 30 June 2022 RMB'000 *(Unaudited)***	As at 31 December 2021 RMB'000 *(Audited)*
Financial liabilities at amortised cost			
Trade and other payables (excluding accrued payroll and welfare, VAT and surcharges and dividends payable)	13	**50,951**	63,856
Borrowings		**—**	5,017
Lease liabilities		**62,799**	77,870
Financial liabilities at fair value though profit or loss			
Contingent consideration payable (iv)		**—**	4,245
		113,750	150,988

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

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

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

(ii) As at 30 June 2022, the Group held certain wealth management products purchased from banks with the amount of approximately RMB117,124,000 (31 December 2021: RMB214,282,000), which will be due within one year.

(iii) As at 30 June 2022, the Group held certain investments in joint ventures in the form of ordinary shares with substantive preferential rights, which were financial assets designated at fair value through profit or loss.

(iv) As at 30 June 2022, derivative financial instruments mainly included a call option of approximately RMB8,844,000 (31 December 2021: nil).

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

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

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

12 Trade and notes receivables

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

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

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

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

Impairment and risk exposure

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

13 Trade and other payables

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

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

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

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

14 Dividends

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

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

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

15 Events occurring after the reporting period

Other than the paid final dividend described in Note 14, there was no significant event of the Group occurred after the balance sheet date.

DIVIDENDS

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

USE OF NET PROCEEDS FROM THE LISTING

The Shares were listed on the Stock Exchange on 13 December 2019 by way of global offering. The total Net Proceeds after deducting professional fees, underwriting commissions and other related listing expenses amounted to approximately HK$992.2 million (equivalent to approximately RMB889.0 million), including the additional net proceeds of approximately HK$70.2 million (equivalent to approximately RMB62.8 million) received from the issue and allotment of Shares upon completion of the partial exercise of the over-allotment option.

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

Details of the amount of the Net Proceeds utilised as at 30 June 2022 and the intended use of the Net Proceeds after the re-allocation are set out below:

	Intended use of Net Proceeds	Balance of Net Proceeds unutilized after the re-allocation (HK$)	Amount of Net Proceeds utilised up to 30 June 2022 (HK$)	Balance of Net Proceeds unutilized after the re-allocation as at 30 June 2022 (HK$)	Intended timetable for the use of unutilised Net Proceeds
(i)	Expand the Company's geographic coverage to better support the Company's clients and new opportunities	30.8 million	14.0 million	16.8 million	By/before 31 December 2022
(ii)	Expand the Company's industry coverage, mainly through acquisition and also through organic growth in the next three years, to capture demand for flexible staffing services we have observed in certain underserved and expanding industries, and specifically, to target our services to more financial institution, IT industry and new retail clientele	466.0 million	219.5 million	246.5 million	By/before 31 December 2022
(iii)	Expand the Company's existing BPO and headhunting service offerings in the next three years in order to capture the expected growth potential in both service sectors	48.3 million	1.9 million	46.4 million	By/before 31 December 2022
(iv)	Further enhance the Company's integrated HR ecosystem and build up the Company's capabilities in artificial intelligence and data mining technology	95.8 million	4.6 million	91.2 million	By/before 31 December 2024

	Intended use of Net Proceeds	Balance of Net Proceeds unutilized after the re-allocation (HK$)	Amount of Net Proceeds utilised up to 30 June 2022 (HK$)	Balance of Net Proceeds unutilized after the re-allocation as at 30 June 2022 (HK$)	Intended timetable for the use of unutilised Net Proceeds
(v)	Further promote the Company's brand and launch marketing and promotion activities	11.3 million	0.0 million	11.3 million	By/before 31 December 2022
(vi)	Support the Company's global expansion strategy in the next four years	23.0 million	0.0 million	23.0 million	By/before 31 December 2023
(vii)	Working capital and general corporate purposes	0.0 million	0.0 million	0.0 million	N/A

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

OTHER INFORMATION

CORPORATE GOVERNANCE CODE

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

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

Chairman and Chief Executive Officer

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

OTHER IMPORTANT EVENTS

On 17 June 2022, the Company granted share options to 204 grantees pursuant to the Post-IPO Share Option Scheme. The granted options shall entitle the grantees to subscribe for a maximum of 11,350,000 Shares, of which options to subscribe for a total of 200,000 Shares were granted to five Directors, and all the remaining options were granted to 199 employees of the Group. The exercise price of the options granted is HK$5.99 per share. For further details, please refer to the Company's announcement dated 17 June 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

AUDIT COMMITTEE

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

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

AUDITOR’S REMUNERATION

The approximate remuneration for the audit and non-audit services provided by PricewaterhouseCoopers, the auditor of the Company, during the six months ended 30 June 2022 was as follows:

Types of Services	**Amount** *(RMB’000)*
Interim review services	850
Major acquisition related assurance and advisory services	1,790
Total	2,640

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Stock Exchange’s website (www.hkexnews.hk) and the Company’s website (www.renruihr.com). The interim report of the Company for the six months ended 30 June 2022 containing all information required by the Listing Rules will be despatched to the Shareholders and published on the same websites in due course.

DEFINITION

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

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

"Cooperation Agreement"	the cooperation agreement in relation to the information verification and client service representative flexible staffing services provided by the Group to a major customer, the term of which expired on 15 January 2022, as disclosed in the announcements of the Company dated 30 June 2021, 7 July 2021 and 31 October 2021;
"Director(s)"	the director(s) of the Company;
"FVOCI"	fair value through other comprehensive income;
"GDP"	gross domestic product;
"Greedy Technology"	Greedy Technology (Shenzhen) Co., Ltd.* (貪心科技(深圳)有限公司);
"Group" or "we"	the Company together with its subsidiaries;
"HKD" or "HK$"	Hong Kong Dollar, the lawful currency of Hong Kong;
"HKFRS"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"HR"	human resources;
"Jiangnan Finance Technology"	Jiangnan Finance Technology (Changzhou) Company limited* (江南金融科技(常州)有限公司);
"Kumao Robot"	Shanghai Kumao Robot Co., Ltd.* (上海庫茂機器人有限公司);
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Model Code"	Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules;
"Net Proceeds"	net proceeds from the global offering of the Company in connection with the listing of the Shares on the Stock Exchange on 13 December 2019, amounting to approximately HK$992.2 million;
"Neusoft Holdings"	Dalian Neusoft Holdings Co., Ltd.* (大連東軟控股有限公司);
"Post-IPO Share Award Scheme"	post-IPO share award scheme of the Company adopted on 26 November 2019 and subsequently amended on 20 June 2020;
"Post-IPO Share Option Scheme"	post-IPO share option scheme of the Company adopted on 26 November 2019;

"PRC"	the People's Republic of China and for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan;
"Prospectus"	the prospectus of the Company dated 3 December 2019;
"RMB"	Renminbi, the lawful currency of the PRC;
"R&D"	research and development;
"Shanghai Lingshi"	Shanghai Lingshi Human Resources Services Limited* (上海領時人力資源服務有限公司);
"Shanghai Ruiying"	Shanghai Ruiying Human Resources Technology Group Co., Ltd.* (上海瑞應人才科技集團有限公司), an indirect wholly-owned subsidiary of the Company;
"Shanghai Sirui"	Shanghai Sirui Information Technology Co., Ltd.* (上海思芮信息科技有限公司);
"Shareholder(s)"	holder(s) of the Shares;
"Share(s)"	ordinary share(s) of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Zhencheng Technology"	Shanghai Zhencheng Technology Co., Ltd.* (上海圳誠科技有限公司); and
"%"	per cent.

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

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

By order of the Board
Renrui Human Resources Technology Holdings Limited
Zhang Jianguo
Chairman and Chief Executive Officer

The PRC, 22 August 2022

As at the date of this announcement, the Board of the Company comprises Mr. Zhang Jianguo, Mr. Zhang Feng and Ms. Zhang Jianmei as executive Directors; Mr. Chen Rui and Mr. Chow Siu Lui as non-executive Directors; and Ms. Chan Mei Bo Mabel, Mr. Shen Hao and Mr. Leung Ming Shu as independent non-executive Directors.