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ManpowerGroup®

MANPOWERGROUP GREATER CHINA LIMITED

万宝盛华大中华有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2180)

**CONTINUING CONNECTED TRANSACTIONS –
THE MASTER SERVICES AGREEMENT IN RESPECT OF
FLEXIBLE STAFFING SERVICES PROVIDED BY THE MAN GROUP**

Reference is made to the section headed “Connected Transactions – Exempt Continuing Connected Transactions – (1) Flexible staffing services provided by the MAN Group” of the Prospectus in relation to, among others, the Master Services Agreement.

As disclosed in the Prospectus, the Company entered into the Master Services Agreement with MAN for the provision of flexible staffing services for a term from the Listing Date to 31 December 2021. On 18 January 2022, the Board resolved to renew the Master Services Agreement for a further term of three years with effect from 1 January 2022 to 31 December 2024.

Pursuant to the Master Services Agreement, among others, the MAN Group agrees to provide flexible staffing services to the Group. During the ordinary course of the Group’s business, the Group has received project-based flexible staffing services from the MAN Group, which have arisen when certain customers of the Group have flexible staffing service requirements in jurisdictions which the MAN Group operates and the MAN Group provides the relevant services to the Group to enable us to serve such customers.

LISTING RULES IMPLICATIONS

As at the date of this announcement, MAN holds approximately 36.87% of the total issued Shares through its subsidiaries and is therefore the controlling shareholder and a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Master Services Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Since the Listing Date and up to the year ended 31 December 2022, the applicable percentage ratios in respect of the flexible staffing services provided by the MAN Group were less than 5% and the annual transaction amount was less than HK\$3,000,000 and such services constituted de minimis continuing connected transaction of the Company under the Listing Rules and was not subject to the announcement, reporting and independent shareholders' approval requirements.

Based on the information currently available to the Company, the Board anticipates that the amount of flexible staffing services provided by the MAN Group under the Master Services Agreement for the financial year ending 31 December 2023 would exceed the above-mentioned exemption threshold. The Company is therefore required to re-comply with the requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in relation to the Proposed Annual Caps exceed 0.1% but do not exceed 5%, the transactions in respect of the flexible staffing services provided by the MAN Group under the Master Services Agreement are only subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS – THE MASTER SERVICES AGREEMENT IN RESPECT OF FLEXIBLE STAFFING SERVICES PROVIDED BY THE MAN GROUP

1. Background and principal terms of the agreement

As disclosed in the Prospectus, the Company entered into the Master Services Agreement with MAN for provision of flexible staffing services by the MAN Group to the Group for a term from the Listing Date to 31 December 2021. On 18 January 2022, the Board resolved to renew the Master Services Agreement for a further term of three years with effect from 1 January 2022 to 31 December 2024.

Pursuant to the Master Services Agreement, among others, the MAN Group agrees to provide flexible staffing services to the Group. During the ordinary course of the Group's business, the Group has received project-based flexible staffing services from the MAN Group, which have arisen when certain customers of the Group have flexible staffing service requirements in jurisdictions which the MAN Group operates and the MAN Group provides the relevant services to the Group to enable us to serve such customers.

2. Historical transaction amounts

Set out below are the historical service fees payable by the Group to the MAN Group in respect of the flexible staffing services provided by the MAN Group for the three years ended 31 December 2022:

For the year ended 31 December 2020 <i>(RMB'000)</i>	For the year ended 31 December 2021 <i>(RMB'000)</i>	For the year ended 31 December 2022 <i>(RMB'000)</i>
404	472	835

The annual transaction amount was less than HK\$3,000,000 and such services constituted de minimis continuing connected transaction of the Company under the Listing Rules.

3. Pricing policies

For the service fees payable by the Group for the provision of flexible staffing services provided by the MAN Group, the Group has adopted the pricing policies same as that used for the historical period:

- (a) each specific transaction is to be negotiated on a case by case and arm's length basis and on normal commercial terms in the ordinary and usual course of business;
- (b) the service fees chargeable by the MAN Group under each specific transaction shall be determined on a cost-plus basis with reference to factors including the costs involved and the then prevailing market price for similar services; and
- (c) the service fees payable by the Group to the MAN Group shall be no less favorable than such fees payable by the Group to the Independent Third Parties for similar services.

4. Proposed Annual Caps and basis of determination

The expected annual maximum amounts of service fees payable by the Group to the MAN Group for the transactions contemplated under the Master Services Agreement for the two financial years ending 31 December 2024 are as follows:

For the year ending 31 December 2023 <i>(RMB'000)</i>	For the year ending 31 December 2024 <i>(RMB'000)</i>
16,000	35,000

The Proposed Annual Caps have been determined with reference to the following factors:

- (a) the historical transaction amounts between the Group and the MAN Group in respect of flexible staffing services provided by the MAN Group for the three years ended 31 December 2022;
- (b) the growth of future demand and expanded service scope of the Group for the flexible staffing services arising from the existing, continuing and upcoming projects for the two years ending 31 December 2024;
- (c) the expected inflation related to the cost to be incurred by the MAN Group in providing the services;
- (d) prevailing market conditions in light of a rebound in global economy in the wake of recovery from COVID-19;
- (e) the prevailing market rate for the provision of flexible staffing services in the industry; and
- (f) an additional 5% buffer to factor in fluctuation in foreign exchange rates.

Save for the adoption of the Proposed Annual Caps, the terms and conditions of the Master Services Agreement remain unchanged.

5. Reasons for and benefits of entering into the transaction

The Group's principal business includes the provision of comprehensive workforce solutions and other human resource services to clients located in Greater China. The revenue from provision of flexible staffing services contributes the largest part of the Group's total revenue.

With MAN's global reputation, the Group has developed deep connections with multinational clients and capabilities in serving large global clients in the Greater China region.

During the ordinary course of the Group's business, the Group has received project-based flexible staffing services from the MAN Group, which have arisen when certain customers of the Group have flexible staffing service requirements in jurisdictions which the MAN Group operates and the MAN Group provides the relevant services to the Group to enable us to serve such customers. With globalization, it is expected that certain of the Group's customers will more likely require services in jurisdictions which the MAN Group operates and thus the demand for flexible staffing services from the MAN Group will increase.

The Continuing Connected Transactions are in line with the Group's continuous effort to enhance the revenue income stream from provision workforce solution services and it is expected that the capabilities of the Group in serving large global clients would be further strengthened which in turn enable the Group to be equipped to explore more future business opportunities to serve local clients in the Greater China region, and thereby enhancing the corporate image of the Group.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the Master Services Agreement, the terms contemplated thereunder and the Proposed Annual Caps are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, MAN holds approximately 36.87% of the total issued Shares through its subsidiaries and is therefore the controlling shareholder and a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Master Services Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Since the Listing Date and up to the year ended 31 December 2022, the applicable percentage ratios in respect of the flexible staffing services provided by the MAN Group were less than 5% and the annual transaction amount was less than HK\$3,000,000 and such services constituted de minimis continuing connected transaction for the Company under the Listing Rules and was not subject to announcement, reporting and independent shareholders' approval requirements.

As one or more of the applicable percentage ratios in relation to the Proposed Annual Caps exceed 0.1% but do not exceed 5%, the transactions in respect of the flexible staffing services provided by the MAN Group under the Master Services Agreement are only subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

No Director has a material interest in the transactions contemplated under the Master Services Agreement, therefore none of the Directors has abstained from voting on the Board's resolutions to approve the Proposed Annual Caps.

INTERNAL CONTROL MEASURES

The Company has adopted relevant internal control policies to monitor the pricing of the Continuing Connected Transactions and to ensure that the Proposed Annual Caps set under the Continuing Connected Transactions will not be exceeded:

- (i) the Board would be responsible for internal control of the Company which cover annual review of the Continuing Connected Transactions and assessment of effectiveness of relevant internal control policies. In addition, the Company would engage external consultant which is specialised in identifying and evaluation of potential significant risk that may be associated with business and operations of the Company and will prepare an internal control report for review and consideration by the Board;
- (ii) the Finance Department of the Company and Legal and Compliance Department are responsible for regularly monitoring, collecting and evaluating details of the Continuing Connected Transactions, including but not limited to the implementation of pricing policies, payment arrangements and actual transaction amounts under specific transactions, to ensure that such transactions are conducted in accordance with the relevant agreement for the Continuing Connected Transactions;
- (iii) the independent non-executive Directors would review the Continuing Connected Transactions to ensure that they are entered into in the ordinary and usual course of business of the Group and on normal commercial terms and that the terms of the relevant Continuing Connected Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
- (iv) the Company's auditors will also conduct an annual review of the pricing policy and Proposed Annual Caps of the Continuing Connected Transactions.

Having considered the above-mentioned internal control procedures, the Directors (including the independent non-executive Directors) consider that the Company has implemented effective internal control and risk management measures so as to ensure that the Continuing Connected Transactions will be carried out on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

GENERAL INFORMATION

The Group is principally engaged in the provision of a comprehensive range of workforce solutions and services in the Greater China.

MAN, being the controlling shareholder of the Company, is a corporation organized and existing under the laws of the State of Wisconsin, the United States of America and is listed on the New York Stock Exchange (symbol: MAN). The MAN Group is principally engaged in the business of workforce solutions and services around the world in regions outside of Greater China.

DEFINITIONS

Unless the context requires otherwise, the capitalised terms used in this announcement shall have the following meanings:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	ManpowerGroup Greater China Limited (萬寶盛華大中華有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions of the Group under the Master Services Agreement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Greater China”	the geographic region comprising the PRC, Hong Kong, Macau and Taiwan
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial Shareholder(s) of the Company, its subsidiaries or any of their respective associates
“Listing Date”	10 July 2019, being the date on which dealings in the Shares firstly commenced on the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“MAN”	ManpowerGroup Inc., a company incorporated in the State of Wisconsin, the United States and listed on the New York Stock Exchange (symbol: MAN) and the controlling shareholder of the Company

“MAN Group”	MAN and its subsidiaries and, for the purpose of this announcement, excluding the Group
“Master Services Agreement”	the master agreement dated 13 June 2019 (as amended by an agreement dated 21 December 2021) and entered into between the Company and MAN in connection with, among others, provision of flexible staffing services by the MAN Group to the Group (as may be amended, restated and/or supplemented from time to time)
“percentage ratios”	refers to the percentage ratios under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Annual Caps”	the expected annual maximum amounts for the transactions contemplated under the Master Services Agreement for the financial years ending 31 December 2023 and 2024
“Prospectus”	the prospectus of the Company dated 27 June 2019
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
ManpowerGroup Greater China Limited
CUI Zhihui
Executive Director and Chief Executive Officer

Hong Kong, 29 June 2023

As at the date of this announcement, the Board comprises Mr. CUI Zhihui as executive Director; Mr. Colin Patrick Alan JONES, Mr. John Thomas MCGINNIS, Mr. ZHANG Yinghao and Mr. ZHAI Feng as non-executive Directors; and Mr. Thomas YEOH Eng Leong, Ms. WONG Man Lai Stevie and Mr. Victor HUANG as independent non-executive Directors.