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**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 2023**

**SUMMARY OF INTERIM RESULTS**

<b><u>RESULTS</u></b>	<b>Six months ended 30 June</b>		<b>Change</b>
	<b>2023</b>	<b>2022</b>	
	<b>RMB'000</b>	<b>RMB'000</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
Revenue	<b>2,068,304</b>	1,733,889	<b>19.3%</b>
Operating profit/(loss)	<b>23,402</b>	(29,619)	<b>N/A</b>
Profit/(loss) for the period	<b>18,851</b>	(24,615)	<b>N/A</b>
Profit/(loss) attributable to the equity holders of the Company	<b>10,058</b>	(25,425)	<b>N/A</b>
Net cash used in operating activities	<b>(186,035)</b>	(19,749)	<b>842.0%</b>
<b><u>NON-HKFRS MEASURES</u></b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
Adjusted profit/(loss) <sup>(1)</sup>	<b>36,342</b>	(20,244)	<b>N/A</b>
Adjusted profit/(loss) attributable to the equity holders of the Company <sup>(1)</sup>	<b>22,439</b>	(22,083)	<b>N/A</b>
Adjusted net margin attributable to the equity holders of the Company (%) <sup>(2)</sup>	<b>1.1</b>	-1.3	<b>N/A</b>

*Notes:*

(1) Adjusted profit/(loss) and adjusted profit/(loss) attributable to the equity holders of the Company are calculated by excluding items which do not relate to the ordinary course of business and are non-recurring in nature, including amortisation of intangible assets resulting from acquisition, impairment of goodwill, net fair value gain or loss in relation to equity investments and share-based payment expenses.

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

## **DIVIDENDS**

The Board does not recommend the payment of any interim dividends for the six months ended 30 June 2023 (for the six months ended 30 June 2022: nil).

## **BUSINESS REVIEW AND OUTLOOK**

In the beginning of 2023, the Chinese economy and market confidence showed signs of recovery, leading to a resurgence of economic activity across various sectors. Whilst the recovery is still at an early stage, due to enterprises' increasing investments in R&D for digitalisation and growing needs for cost reduction and efficiency improvement, the demand for comprehensive flexible staffing in several fields such as technology, advanced manufacturing, finance, and healthcare has resumed growth since March 2023.

During 2023 Interim Period, the Group generated revenue amounting to approximately RMB2,068.3 million, representing an increase of approximately 19.3% as compared to 2022 Interim Period. The revenue growth was achieved primarily due to our ability to meet clients' needs for talents by leveraging our competitive advantages of strong client acquisition capabilities, rapid service delivery and quality of professional services, as the Group's digital-enabled professional services business benefiting from the increasing demand for experienced digital talents from enterprises across various industries during China's continuous industrial upgrading. The Group is well-positioned to rapidly and agilely capture opportunities to expand market share.

Since the implementation of our business strategic upgrade strategy beginning from second half of 2021, we have been expanding business scale in the information technology and digital talent services market through organic growth and acquisitions. The number of comprehensive flexible staffing employees increased from 28,873 as at 30 June 2022 to 33,864 as at 30 June 2023, of which 7,830 are digital talents. In the first half of 2023, revenue from the digital technology and cloud services business amounted to RMB736.1 million, representing a 560.5% growth compared to RMB111.4 million in the same period last year, of which the Acquisition contributed RMB449.5 million to the revenue. The Group's gross margin increased from 3.8% in the first half of 2022 to 8.1% in the first half of 2023, largely driven by high-value digital talent services which recorded strong sales across new and existing clients, with over 200 new clients, and obtained robust growth in automotive industry, telecommunications sector, and finance sector. As we further expand our scale, there is still untapped potential for improving our gross margins.

Our strategy is founded upon two major pillars comprising customer-oriented services and tech-driven human resources solutions. Customer-oriented services is about putting the customer at the centre of everything we do, delivering a superior customer experience by unifying the way we work across the services; while tech-driven human resources solutions enable us to continuously digitalise our systems, platforms and business process, so as to boost per capita productivity and efficiency by managing more effectively the entire process from candidate search and screening, onboarding and training, to compensation and benefit solutions and staff service.

In addition, we have optimised our organizational structure to improve organizational capabilities and achieve better business performance, such as improving recruitment efficiency by establishing shared delivery centers for centralised management.

According to the Report on Research and Development of Digital Talent in Industries jointly issued by the Company and Deloitte Touche Tohmatsu, China's digital economy is forecasted to reach USD16 trillion (equivalent to RMB105 trillion) by 2035, accompanied by a projected shortage of 25-30 million digital talents. In May 2023, the National Internet Information Office released the "Digital China Development Report (2022)", which provided that in 2022, China's digital economy reached a scale of RMB50.2 trillion, ranking second in the world in terms of total volume, with a nominal year-on-year growth of 10.3% and accounting for 41.5% of the country's GDP.

### **Digital Talent Businesses Soar to New Heights**

The Group has been actively implementing its long-term strategy to develop tech-driven human resources services and transition towards high-value businesses. By leveraging its expanded digital talent business operation scale, the Group has sustained rapid growth. During the first half of 2023, the revenue from digital technology and cloud services amounted to RMB736.1 million, which represents a significant increase of 560.5% compared to the same period last year. In addition, excluding the impact of the Acquisition, the revenue generated from organic growth increased 157.2% from RMB111.4 million in the first half of 2022 to RMB286.6 million in the first half of 2023. The growth in revenue is attributable to our accumulated know-how and expertise in the digital talent sector, exceptional recruitment capability, and profound understanding of flexible staffing processes. These factors have positioned us as an industry leader, driving our success and contributing to the substantial increase in revenue. In addition, our advanced digital talent business system Ruizhi platform has streamlined project management and significantly improved operation efficiency. During the first half of 2023, we successfully sourced over 200 clients and made significant breakthroughs in industries such as automotive, telecommunications and finance.

Since the completion of the Acquisition in the fourth quarter of 2022, revenue of Shanghai Sirui has been growing steadily, and we have witnessed an increasing demand from customers across various industries, including digitalised construction, electric vehicles and medical insurance. In the first half of 2023, Shanghai Sirui contributed RMB449.5 million to the revenue. We have been actively integrating Shanghai Sirui into our own digital talent businesses, in particular in the areas of marketing and recruitment, leveraging the strengths of both companies. As a result of the Acquisition, the expanded business scale has allowed us to gain a larger market share and enhance our ability to secure more diversified service demand from customers.

### **Sustained R&D Investment to Improve Efficiency**

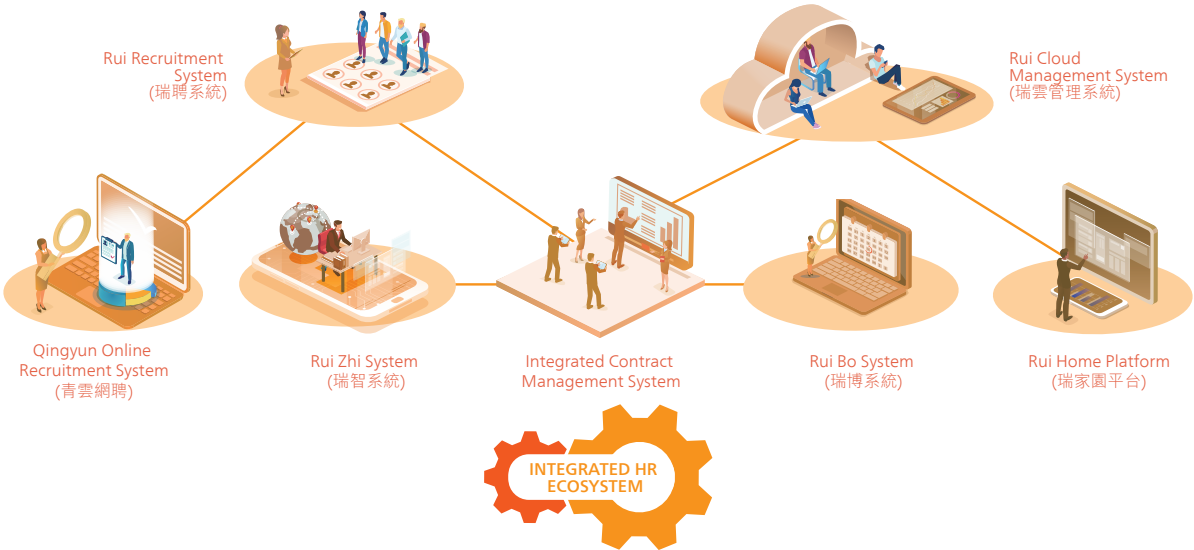
The Group continues to advance digital transformation and reinforce its R&D leadership through strategic investments. In light of the Acquisition, R&D expense increased from RMB13.3 million in the first half of 2022 to RMB26.2 million in first half of 2023.

We have made significant advancements in our Ruizhi System, an integrated management platform specialising on digital talent business. One of the key improvements we have implemented is the addition of new modules to the Ruizhi System. These modules are designed for digital talent business operations, enabling us to streamline and optimise our processes. From candidate sourcing and selection to onboarding and performance management, the system now offers comprehensive functionalities to support the entire employee lifecycle.

In order to facilitate efficient talent acquisition and management, we have also established a comprehensive candidate database within the Ruizhi System with enhanced data security measures. This database serves as a centralised repository of candidate profiles, allowing us to rapidly access and evaluate potential candidates for various positions. As a result, we can effectively match the right talent with the right job openings in a safe and timely manner, thereby enhancing our recruitment efficiency.

Furthermore, we have seamlessly integrated the Ruizhi System with contract management system, financial system and other internal systems and such integration enables real-time data flow and smooth collaboration among those systems, ensuring accurate and up-to-date information across different business functions. Another notable feature of the improved Ruizhi System is the smart visual interface, which is available for multiple functions including management, customer, recruitment, service and delivery. This interface offers concise data summaries that empower decision-makers with valuable insights, and provides a real-time view of each project, thus enabling over hundreds of projects in operation to be managed efficiently. Key business and financial performance indicators are readily accessible through the interface, allowing us to monitor and analyse our business performance effectively.

Moreover, the Ruizhi System features secure data storage and analysis. We can identify trends, patterns, and key success factors, which in turn help us make data-driven decisions and continuously improve our HR practices.



Benefited from the continued investment in R&D, our per capita service efficiency ranks top in the industry. In the first half of 2023, per capita revenue of our employees reached approximately RMB1.93 million, recording an increase as compared to the first half of 2022 and higher than that of the industry average of approximately RMB1.50 million<sup>1</sup>; the turnover rate of our comprehensive flexible staffing employees was approximately 7.6%, significantly lower than that of the industry average of 15%<sup>1</sup>. These achievements reflect our commitment to operational excellence and optimising resource allocation.

### **Continue to Consolidate and Enhance Service Ability Facing Challenges in General Service Business**

During the first half of 2023, the general service outsourcing businesses generated approximately RMB1,193.8 million in revenue, as compared to RMB1,461.4 million in the same period last year, which represents a decrease of 18.3%. The decline in revenue was primarily attributed to the decline in demand as affected by the macro-economic environment and business reorganisation measures of certain customers, while it takes time to develop new customers. Nevertheless, the demand is expected to show a gradual recovery trend in the second half of 2023. We have successfully expanded our customer base across various industries. For example, we recorded a revenue increase in the consumer and retail sector and new energy sector. In addition, we experienced slight growth in the healthcare, advanced manufacturing, and automotive sectors. This diversification strategy has enabled us to capture opportunities in areas with potential for growth.

We have laid a strategic emphasis on high-value businesses; for example, we recorded a significant increase in revenue from positions such as finance and legal. During the first half of 2023, revenue generated from such positions amounted to approximately RMB129.4 million, as compared to approximately RMB42.9 million in the same period in 2022.

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*Note 1: According to CIC*

## Outlook

China's economy is progressing steadily towards recovery. On 17 July 2023, the National Bureau of Statistics reported that China's GDP for the first half of 2023 reached approximately RMB59 trillion, with a year-on-year growth of 5.5%. China's State Council also announced a series of measures to support employment stability and stimulate job creation.

Despite the ongoing challenges in the overall Chinese economy, thriving companies in industries such as new energy and telecommunications have been investing significantly in R&D and innovation. By capitalising on these opportunities, we can expand our client base and contribute to their success. As more and more companies start to prioritise cost reduction and resources optimisation, and shift their focus to core businesses, our expertise in recruitment and HR management positions us to help businesses achieve their cost-saving goals. Simultaneously, we are committed to assisting job seekers in finding suitable employment opportunities.

The acceleration of digitalisation trend presents significant opportunities for our strategic upgrade from general service outsourcing business towards information technology and digital talent services. Businesses across various industries are stepping up the application of digital solutions to enhance efficiency and competitiveness. We have been proactively integrating the acquired company, Shanghai Sirui, a specialized provider of digital transformation and IT services and talents, into our organisation, so as to achieve synergies and capture market share in these rapidly growing and high-margin areas. Furthermore, we are finalising the development of our IT systems and fine-tuning our processes to better serve customers' evolving needs, thereby improving overall efficiency. Equipped with a talented pool of professionals, we are well-prepared to assist companies on their digital transformation journey. Looking ahead, we will continue our investments in innovation and better harness our internal HR and technology capabilities to drive enhanced business performance in line with our business upgrade strategy.

Therefore, we remain optimistic about the long-term sustainable growth potential of our Group. By increasing our market share in fast-growing industries that have a strong demand for high-value digital talent solution, we are well-positioned to expand our market presence and deliver value to our clients. The Directors are confident in the future prospects of our Group and our ability to contribute to the ongoing development of China's economy.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue

For the six months ended 30 June 2023, the total revenue of the Group amounted to approximately RMB2,068.3 million, representing an increase of approximately 19.3% as compared to that of approximately RMB1,733.9 million for the six months ended 30 June 2022. Such increase was primarily due to the rapid growth in revenue from digital technology and cloud services business under comprehensive flexible staffing segment.

The Group's revenue of each business segment for the six months ended 30 June 2023 is as follows:

	Six months ended 30 June			
	2023		2022	
	Revenue	% to total	Revenue	% to total
	RMB'000	revenue	RMB'000	revenue
Comprehensive flexible staffing	2,051,202	99.2	1,695,163	97.8
Professional recruitment and other HR solutions	17,102	0.8	38,726	2.2
<b>Total</b>	<b>2,068,304</b>	<b>100.0</b>	<b>1,733,889</b>	<b>100.0</b>

Adhering to our strategy of focusing on serving large-scale clients, we recorded a revenue of approximately RMB747.4 million from our top five clients for the six months ended 30 June 2023, accounting for approximately 36.1% of the total revenue for 2023 Interim Period, with the largest client accounting for approximately 11.5%.

#### *Comprehensive Flexible Staffing*

The revenue generated from comprehensive flexible staffing services for the six months ended 30 June 2023 amounted to approximately RMB2,051.2 million, representing an increase of approximately 21.0% as compared to that of approximately RMB1,695.2 million for the six months ended 30 June 2022, mainly driven by the strong demand of digital and information technology (IT) talents from the clients. The number of comprehensive flexible staffing employees increased by approximately 17.3% from 28,873 as at 30 June 2022 to 33,864 as at 30 June 2023. In the first half of 2023, we placed 19,032 comprehensive flexible staffing employees, representing an increase of approximately 26.8% from 15,011 comprehensive flexible staffing employees in the first half of 2022. The increase in comprehensive flexible staffing employees was mainly due to the strong demand of digital and IT talents from clients.

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

	<b>Six months ended 30 June</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Revenue</b>	<b>% to total</b>	<b>Revenue</b>	<b>% to total</b>
	<b>RMB'000</b>	<b>revenue</b>	<b>RMB'000</b>	<b>revenue</b>
General service outsourcing	<b>1,193,780</b>	<b>58.2</b>	1,461,378	86.2
Digital technology and cloud services	<b>736,087</b>	<b>35.9</b>	111,442	6.6
Digital operation and customer services	<b>121,335</b>	<b>5.9</b>	122,343	7.2
<b>Total in comprehensive flexible staffing services</b>	<b><u>2,051,202</u></b>	<b><u>100.0</u></b>	<b><u>1,695,163</u></b>	<b><u>100.0</u></b>

During the first half of 2023, by actively implementing and seamlessly executing our business upgrade strategy, we have made significant growth in business scale in the digital talent services through organic growth and acquisition, with revenue contribution from digital technology and cloud services as a percentage of revenue of comprehensive flexible staffing services business amounted to approximately 35.9% for the six months ended 30 June 2023, growing from approximately 6.6% for the six months ended 30 June 2022. As at 30 June 2023, the number of digital and IT talents reached approximately 7,830, representing an increase of approximately 6,616 from approximately 1,214 as at 30 June 2022, and the revenue generated from digital technology and cloud services was approximately RMB736.1 million, representing an increase of approximately 560.5% as compared to that of 2022, including approximately RMB286.6 million from existing business and approximately RMB449.5 million contributed by Shanghai Sirui.

#### ***Professional Recruitment and Other HR Solutions***

For the six months ended 30 June 2023, revenue from professional recruitment and other HR solutions amounted to approximately RMB17.1 million, as compared to approximately RMB38.7 million for the same period of 2022. The decrease was mainly due to the reduced demand of professional recruitment from our clients who are more cautious in staff expansion under uncertain economic environment. Recruitment demand of digital and IT talents, which enjoy higher services premium, has increased. This leads to average professional recruitment fee per placement increasing from approximately RMB3,400 in the six months ended 30 June 2022 to approximately RMB5,900 in 2023.



Other HR solutions include training and development courses, labour dispatch services and consultation services, and the revenue from such business decreased as compared to the same period last year mainly due to the reduced budgets from our clients on such services.

### **Cost**

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

For the six months ended 30 June 2023, the Group's total cost amounted to approximately RMB1,900.8 million, representing an increase of approximately 13.9% as compared to that of approximately RMB1,668.1 million for the six months ended 30 June 2022. The increase in costs was in line with our increase in revenue during the same period as we continued to attract and serve more clients and scale up our operations.

The average labour cost of each comprehensive flexible staffing employee managed by us for our clients was approximately RMB9,900 per month for the six months ended 30 June 2023, representing an increase from approximately RMB8,500 per month for the same period last year, mainly due to the increase in the number of digital and IT talents whose compensation and benefits were relatively higher than those from general position.

## 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			
	2023		2022	
	RMB'000	%	RMB'000	%
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Comprehensive flexible staffing	<b>161,116</b>	<b>7.9</b>	52,588	3.1
Professional recruitment and other				
HR solutions	<b>6,396</b>	<b>37.4</b>	13,157	34.0
<b>Total</b>	<b>167,512</b>	<b>8.1</b>	<b>65,745</b>	<b>3.8</b>

Our gross profit margin for the six months ended 30 June 2023 was approximately 8.1%, as compared to approximately 3.8% for the six months ended 30 June 2022, which was mainly due to the substantial increase in revenue contribution from the digital technology and cloud services business that features higher gross profit margin, contributing to the increase in the gross profit.

The gross profit margin of comprehensive flexible staffing services was approximately 7.9% for the six months ended 30 June 2023, as compared to 3.1% in the same period last year, which was mainly attributable to the increased proportion of projects of high-value digital and IT positions as well as positions such as finance, legal, procurement, HR. Meanwhile, the application of Ruizhi System has substantially improved the efficiency of our operation for the digital and IT talent services.

## Selling and Marketing Expenses

Our selling and marketing expenses primarily comprise employee benefit expenses, marketing and promotion expenses, travelling and entertainment expenses and others.

Our selling and marketing expenses for the six months ended 30 June 2023 amounted to approximately RMB88.3 million, representing an increase of approximately 261.1% as compared to that of approximately RMB24.4 million for the six months ended 30 June 2022. This was mainly due to the fact that we have invested in the sales efforts for the comprehensive flexible staffing business, in particular the digital technology and cloud services business, and increased spending on marketing and promotional activities including holding forums and organising live streaming events with a view to raising brand awareness both online and offline. In the first half of 2023, we have focused on the client development and recorded strong sales across new and existing clients. We have sourced over 200 new clients for digital technology and cloud services business, and obtained robust growth in automotive industry, telecommunications sector, and finance sector. In addition, the increase in selling and marketing expenses was also due to the inclusion of such expenses from Shanghai Sirui as well as acquisition-related amortization. Therefore, our selling and marketing expenses as a percentage of income increased from approximately 1.4% for the six months ended 30 June 2022 to approximately 4.3% for the six months ended 30 June 2023.

### **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 2023 amounted to approximately RMB26.2 million, representing an increase of approximately 97.8% as compared to that of approximately RMB13.3 million for the six months ended 30 June 2022. The increase was mainly due to our business operations and management upgrades with digital technology, in particular the further development of Ruizhi System dedicated for the digital and IT talent workforce solutions, as well as the inclusion of R&D expenses of Shanghai Sirui. Our R&D expenses as a percentage of revenue increased from approximately 0.8% for the six months ended 30 June 2022 to approximately 1.3% for the six months ended 30 June 2023.

### **Administrative Expenses**

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

Our administrative expenses for the six months ended 30 June 2023 amounted to approximately RMB75.0 million, representing an increase of approximately 30.1% as compared to that of approximately RMB57.6 million for the six months ended 30 June 2022. The increase was mainly due to the inclusion of such expenses of Shanghai Sirui. Our administrative expenses as a percentage of revenue increased from approximately 3.3% for the six months ended 30 June 2022 to approximately 3.6% for the six months ended 30 June 2023.

## HR

As at 30 June 2023, we had a total of 34,934 employees based in various cities in the PRC, among which we had 1,070 internal employees. The table below sets forth the total number of employees by function as at 30 June 2023:

<b>Functions</b>	<b>Number of Employees</b>
<b>Internal employees</b>	
– Senior management	4
– R&D	26
– Sales and marketing	129
– Project management and execution	561
– Other <i>(Note 1)</i>	112
	<hr/>
<b>Subtotal</b>	832
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Comprehensive flexible staffing employees	29,333
	<hr/>
Total	30,165
	<hr/> <hr/>
Shanghai Sirui <i>(Note 2)</i>	
– Internal employees	238
– IT and digital talents	4,531
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<b>Total (including Shanghai Sirui)</b>	34,934
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### Notes:

1. Others mainly include back-office support staff, such as legal department, finance department, HR department and joint venture cooperation department.
2. Financial results of Shanghai Sirui have been consolidated into the Group's financial statements upon completion of the Acquisition in September 2022.

## **Other Income**

Other income for the six months ended 30 June 2023 amounted to approximately RMB52.0 million, representing an increase of approximately RMB36.2 million as compared to that of approximately RMB15.8 million for the six months ended 30 June 2022. Other income primarily comprises government grants and income from investment and wealth management. The increase in other income in the first half of 2023 was primarily attributable to an increase in government grants of approximately RMB37.5 million.

## **Other Losses**

Other net losses for the six months ended 30 June 2023 were approximately RMB3.3 million, representing a decrease of approximately RMB9.2 million from approximately RMB12.5 million for the six months ended 30 June 2022. Other losses during the period mainly include the net effect of losses from changes in fair value of equity investments, losses from changes in exchange rates and gains from changes in fair value of certain investment and wealth management products.

## **Provision for Net Impairment Losses on Financial Assets**

The provision for net impairment losses on financial assets for the six months ended 30 June 2023 amounted to approximately RMB3.3 million, which remained the same as approximately RMB3.3 million for the six months ended 30 June 2022. The Group provided the provision for the impairment based on the aging and settlement of trade and notes receivables. The provision for impairment in the first half of 2023 was mainly due to the higher balance of receivables and notes receivables.

## **Operating Profit/(Loss)**

Operating profit of the Group amounted to approximately RMB23.4 million for the six months ended 30 June 2023. However, operating loss of the Group amounted to approximately RMB29.6 million for the six months ended 30 June 2022.

## **Finance Income**

Our finance income for the six months ended 30 June 2023 amounted to approximately RMB2.2 million, remaining substantially the same as approximately RMB2.0 million for the six months ended 30 June 2022. Finance income mainly includes the income from monetary investments acquired by the Group with idle funds or the interest income generated from bank deposits.

## **Finance Costs**

Our finance costs for the six months ended 30 June 2023 amounted to approximately RMB4.7 million, representing an increase of approximately RMB1.7 million from approximately RMB3.0 million for the six months ended 30 June 2022. This was mainly due to the interest expenses of approximately RMB3.6 million incurred from the bank borrowings of Shanghai Sirui in the first half of 2023 upon its consolidation.

## **Share of results of joint ventures and associates accounted for using the equity method**

The net loss attributable to the results of joint ventures and associates for the six months ended 30 June 2023 was approximately RMB0.8 million, which comprised: (i) investment gain of approximately RMB1.4 million generated from investments in Binhai Xunteng and Zhencheng Technology; and (ii) investment loss of approximately RMB2.2 million incurred from investment in Wanma Technology and Renrui New Career.

## **Profit/(Loss) before Income Tax**

Our profit before income tax for the six months ended 30 June 2023 amounted to approximately RMB20.1 million, as compared to the loss before income tax of approximately RMB28.6 million for the six months ended 30 June 2022.

## **Profit/(Loss) for the Period**

Profit for the period for the six months ended 30 June 2023 amounted to approximately RMB18.9 million, as compared with the loss for the period of approximately RMB24.6 million for the six months ended 30 June 2022.

## Non-HKFRS Measures

To supplement our consolidated financial statements which are presented in accordance with the HKFRS, we also presented adjusted profit/(loss) and adjusted profit/(loss) attributable to the equity holders of the Company as additional financial measures, which are not required by, nor presented in accordance with, the HKFRS. The following table reconciles our adjusted profit/(loss) and adjusted profit/(loss) attributable to the equity holders of the Company for the six months ended 30 June 2023 and 2022 presented to the most directly comparable financial measures calculated and presented in accordance with HKFRS:

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Profit/(loss) for the period</b>	<b>18,851</b>	(24,615)
Share-based payment expenses	<b>4,231</b>	2,235
Amortisation of intangible assets resulting from acquisition	<b>11,690</b>	2,800
Impairment of goodwill	—	16,372
Net fair value gains or loss in relation to equity investments	<b>3,605</b>	(16,336)
Less: income tax effect on above amortisation	<b>(2,035)</b>	(700)
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<b>Adjusted profit/(loss)</b>	<b><u>36,342</u></b>	<b><u>(20,244)</u></b>
<b>Profit/(loss) attributable to the equity holders of the Company</b>	<b>10,058</b>	(25,425)
Share-based payment expenses	<b>4,231</b>	2,235
Amortisation of intangible assets resulting from acquisition	<b>11,690</b>	2,800
Impairment of goodwill	—	16,372
Net fair value gains or loss in relation to equity investments	<b>3,605</b>	(16,336)
Less: income tax effect on above amortisation	<b>(2,035)</b>	(700)
Less: adjustments attributable to non-controlling interests	<b>(5,110)</b>	(1,029)
	<hr/>	<hr/>
<b>Adjusted profit/(loss) attributable to the equity holders of the Company</b>	<b><u>22,439</u></b>	<b><u>(22,083)</u></b>

In evaluating the business, the Board considers and uses non-HKFRS financial measures, such as adjusted profit/(loss) and adjusted profit/(loss) attributable to the equity holders of the Company as supplemental measures to review and assess the Company's operating performance. We believe that the non-HKFRS financial measures may facilitate the comparison of our financial performance by eliminating the impact of items that we do not consider indicative of the actual performance of our business upon assessment and judgment of the Board. We also believe that such non-HKFRS measures provide more useful information to investors of the Company and others in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing financial results across periods. However, our presentation of non-HKFRS financial measures may not be comparable to other measures presented by other companies with similar labels. The use of non-HKFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results 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:

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Total current assets	<b>1,558,862</b>	1,496,219
Total current liabilities	<b>649,390</b>	641,124
<b>Net current assets</b>	<b><u>909,472</u></b>	<b><u>855,095</u></b>

Our net current assets as at 30 June 2023 amounted to approximately RMB909.5 million, representing an increase of approximately RMB54.4 million as compared to approximately RMB855.1 million as at 31 December 2022. The increase was mainly attributable to the increase in the Group's trade and notes receivables due to the business growth.



## Trade and Notes Receivables

Our trade and notes receivables as at 30 June 2023 increased by approximately RMB190.9 million to approximately RMB1,146.8 million as compared to approximately RMB955.9 million as at 31 December 2022. This was mainly due to the facts that (1) the Group's revenue in the first half of 2023 increased by approximately 19.3% year-on-year; and (2) the Group further strengthened efforts to develop digital technology and cloud services business, which has longer credit terms than general service outsourcing, with its revenue contribution as a percentage of the revenue amounting to approximately 35.6% for the first half of 2023, growing from 6.4% for the first half of 2022.

As at 30 June 2023, the provision for losses on trade receivables was approximately RMB11.7 million, representing an increase of approximately RMB3.2 million as compared to that of approximately RMB8.5 million as at 31 December 2022, as we made provisions for losses on trade and notes receivables of approximately RMB3.3 million in the first half of 2023, mainly due to higher receivables and notes receivables.

The following table sets forth the turnover days of trade receivables for the period/year indicated:

	<b>For the six months ended 30 June 2023</b>	For the year ended 31 December 2022
Trade and notes receivables turnover days <sup>(1)</sup>	<b>92</b>	87
Adjusted trade and notes receivables turnover days <sup>(2)</sup>	<b>86</b>	80

### 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 2023, our trade and notes receivables turnover days was 92 days, and the adjusted trade and notes receivables turnover days was 86 days, representing an increase as compared to 2022, mainly because (i) the credit period granted to clients of digital technology and cloud services business is generally within 90 days, longer than the previous maximum credit period of 70 days; and (ii) the credit period for Shanghai Sirui is generally within 155 days and the completion of the Acquisition has resulted in a longer credit term of overall trade and notes receivable. The actual collection period for most clients is within the credit period of 10 days to 155 days.

### **Prepayments, Deposits and Other Receivables and Other Non-current Assets**

As at 30 June 2023, the prepayments, deposits and other receivables and other non-current assets amounted to approximately RMB99.4 million, primarily consist of rental deposits and prepayments to third-party suppliers, insurance and utilities expenses.

### **Financial Assets at FVOCI**

As at 30 June 2023, the balance of our financial assets at fair value through other comprehensive income amounted to approximately RMB19.2 million, which mainly represented notes receivables from bank.

### **Financial Assets at Fair Value through Profit or Loss**

As at 30 June 2023, the balance of financial assets at fair value through profit or loss in current assets amounted to approximately RMB73.0 million, which mainly represented our purchase of investment grade bond funds with idle funds.

As at 30 June 2023, the balance of financial assets at fair value through profit or loss in non-current assets amounted to approximately RMB29.6 million, which was mainly related to minority investment.

### **Trade and Other Payables**

As at 30 June 2023, our trade and other payables amounted to approximately RMB461.5 million, representing a decrease of approximately RMB36.5 million as compared to approximately RMB498.0 million as at 31 December 2022, which was mainly due to the decrease of approximately RMB17.6 million in the balance of accrued salaries and benefits for the Group's general service outsourcing business.

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 2023, our current income tax liabilities amounted to approximately RMB8.6 million, representing a decrease of approximately RMB1.9 million as compared to that of approximately RMB10.5 million as at 31 December 2022.

## **Borrowings**

The borrowings of the Group have increased by approximately RMB41.0 million from approximately RMB95.2 million as at 31 December 2022 to approximately RMB136.2 million as at 30 June 2023, which mainly due to the increased bank borrowings for Shanghai Sirui's further expansion of digital technology and cloud services business.

## **Property, Plant and Equipment**

As at 30 June 2023, the carrying value of our property, plant and equipment was approximately RMB48.6 million, comprising right of use assets for office, renovation and office equipment, which represented a decrease of approximately RMB16.5 million as compared to that of approximately RMB65.1 million as at 31 December 2022. The decrease in the first half of 2023 was mainly due to impairment and depreciation.

## **Intangible Assets**

As at 30 June 2023, the carrying amount of our intangible assets was approximately RMB409.0 million, which was mainly goodwill and customer relationships arising from the acquisition of Shanghai Sirui, Shanghai Lingshi and Lingshi Yuntian.

## **Investments in Joint Ventures Accounted for Using the Equity Method**

As at 30 June 2023, the balance of investment in joint ventures accounted for using the equity method was approximately RMB26.6 million, representing an increase of approximately 5.4% from approximately RMB25.3 million as at 31 December 2022, which was mainly due to the profit growth recorded by Binhai Xunteng and Zhencheng Technology in the first half of 2023.

## **Investment in Associates Accounted for Using the Equity Method**

As at 30 June 2023, the balance of investment in associates accounted for using the equity method amounted to approximately RMB7.7 million, which mainly represented our investments in Renrui New Career and Wanma Technology.

## **Deferred Income Tax Assets**

As at 30 June 2023, the carrying amount of our deferred income tax assets was approximately RMB20.7 million, which was mainly allowance for receivables, lease liabilities, as well as the deferred income tax provided for loss and other matters in the previous year.

## KEY FINANCIAL RATIOS

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

	For the six months ended 30 June	
	2023	2022
Revenue growth	19.3%	-18.5%
Gross profit margin	8.1%	3.8%
Adjusted net margin (non-HKFRS) <sup>(1)</sup>	1.8%	-1.2%
Adjusted net margin attributable to equity holders of the Company (non-HKFRS) <sup>(1)</sup>	1.1%	-1.3%
	<b>30 June</b>	31 December
	<b>2023</b>	2022
Adjusted current ratio (times) <sup>(2)</sup>	2.2	2.0

*Notes:*

- (1) Adjusted net margin and adjusted net margin attributable to equity holders of the Company (non-HKFRS) are calculated as the adjusted profit/(loss) and adjusted profit/(loss) attributable to the equity holders of the Company as a percentage of the revenue for the same period.
- (2) Adjusted current ratio is calculated as the adjusted current assets divided by the current liabilities for each year ended 31 December 2021 and 2022 and six months ended 30 June 2023. The adjusted current assets are defined as the current assets excluding the Net Proceeds received and unutilised, where applicable.

## **Adjusted Current Ratio**

As at 30 June 2023, the adjusted current ratio increased to approximately 2.2 from approximately 2.0 as at 31 December 2022. The Group's short-term solvency remains steady.

## **Liquidity and Capital Resources**

In the first half of 2023, we met our capital requirements principally through our business operations and the Net Proceeds.

As at 30 June 2023, we had cash and cash equivalents of approximately RMB234.5 million, representing a decrease of approximately RMB119.9 million, as compared to that of approximately RMB354.4 million as at 31 December 2022. This was due to the net effect of (i) the net cash used in operating activities of approximately RMB186.0 million due to further expansion of digital technology and cloud services business; (ii) the redemption of investment funds amounting to approximately RMB53.7 million, resulting in a net cash recovery of approximately RMB41.6 million from investment activities; and (iii) the increase in bank borrowings by Shanghai Sirui, resulting in a net cash gain of approximately RMB24.0 million from financing activities.

## **TREASURY POLICIES**

The treasury and funding policies of the Group primarily focus on liquidity management and maintaining an optimum level of liquidity and risk balance. Idle funds, primarily denominated in RMB, in relation to the Net Proceeds and revenue generated from our business operations in the PRC were used to purchase low-risk short-term financial products issued by reputable financial institutions 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 2023 was approximately RMB186.0 million, representing an increase of approximately RMB166.3 million as compared to net cash used in operating activities of approximately RMB19.7 million for the six months ended 30 June 2022. The increase was mainly due to the fact that (i) in the first half of 2023, the Group vigorously expanded its digital technology and cloud services business, and the relevant business revenue increased by approximately RMB624.7 million or approximately 560.5% year-on-year, and the credit period for such services is longer than that of general service outsourcing, so the Group's working capital invested in related businesses has increased; and (ii) in the first half of 2023, with the recovery of market confidence, the Group's sales and marketing expenses for business development increased, while in the first half of 2022, due to the impact of the Covid-19 pandemic, related operating expenses were reduced.

### **Net Cash Generated from/(Used in) Investing Activities**

Net cash generated from investing activities for the six months ended 30 June 2023 was approximately RMB41.6 million, as compared to net cash used in investing activities of approximately RMB130.5 million for the six months ended 30 June 2022, which mainly due to the redemption of certain short-term investment funds in the first half of 2023, while payment has been made for investment and acquisitions in the first half of 2022.

### **Net Cash Generated from/(Used in) Financing Activities**

For the six months ended 30 June 2023, net cash generated from financing activities was approximately RMB24.0 million, while the net cash used in financing activities for the six months ended 30 June 2022 was approximately RMB17.7 million. Such change was mainly due to the fact that Shanghai Sirui increased bank borrowings by RMB 41.0 million in the first half of 2023, and most of the cash used in financing activities in the first half of 2022 was to pay venue rentals and repay Shanghai Lingshi's bank borrowings.

## **CAPITAL STRUCTURE**

### **Indebtedness**

As at 30 June 2023, we had outstanding borrowings of approximately RMB136.2 million, which mainly represented the outstanding bank borrowings of Shanghai Sirui.

As at 30 June 2023, we had unutilised banking facilities of approximately RMB135.0 million.

Our bank facility is subject to the fulfilment of certain covenants, as are commonly found in lending arrangements with financial institutions. If we breach any covenants, the remaining unutilised amount may be reduced and the drawn down facilities and interest may become payable on demand. In the first half of 2023, all these covenants had been complied with by the Group.

As at 30 June 2023, our lease liabilities in respect of our leased properties amounted to approximately RMB31.2 million, representing a decrease of approximately RMB11.4 million as compared to approximately RMB42.6 million as at 31 December 2022, which was mainly due to reduced rental area.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as total equity plus net debt. As at 30 June 2023 and 31 December 2022, 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 2023, our capital expenditure amounted to approximately RMB1.8 million, which was mainly used to purchase office equipment and softwares.

## **OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS**

As at 30 June 2023, 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, given 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 it held as at 30 June 2023. For the six months ended 30 June 2023, the Group recorded a net exchange loss of approximately RMB3.4 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 2023, none of the Group's assets was pledged (31 December 2022: nil).

## **MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS**

For 2023 Interim Period, the Group has no disposal of subsidiaries, associates or joint ventures of the Group nor material acquisitions or significant investments which would fall to be disclosed under the Listing Rules.

## **FUTURE PLANS ON SIGNIFICANT INVESTMENTS**

To strengthen our leading position in the industry, 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 respectively.

## **EVENTS OCCURRED AFTER THE REPORTING PERIOD**

Save as disclosed in this announcement, there was no material event affecting the Group which has occurred since 30 June 2023.



## USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

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

As detailed in the Company's announcements dated 8 March 2022 and 28 March 2023, in order to better utilize the financial resources of the Group, the Board has reviewed and revised the utilization plan of the Net Proceeds on 8 March 2022 and 28 March 2023, respectively. Details of the breakdown of the Net Proceeds utilized up to 30 June 2023 and the intended use of the unutilized Net Proceeds after the 2<sup>nd</sup> re-allocation on 28 March 2023 are set out below:

Intended use of Net Proceeds	Original allocation of Net Proceeds (HK\$ million)	Balance of Net Proceeds unutilised as at 31 December 2022 after 2 <sup>nd</sup> re-allocation (HK\$ million)	Amount of Net Proceeds utilised during the six months ended 30 June 2023 (HK\$ million)	Balance of Proceeds unutilised as at 30 June 2023 (HK\$ million)	Intended timetable for the use of the unutilised Net Proceeds
(i) Expand our geographic coverage to better support our clients and new opportunities	198.4	39.0	39.0	0	By 31 December 2023
(ii) Expand our industry coverage, mainly through acquisition and also through organic growth in the next three years, to capture demand for flexible staffing services we have observed in certain underserved and expanding industries, and specifically, to target our services to more financial institution, information technology industry and new retail clientele	168.7	50.3	0	50.3	By 31 December 2024

<b>Intended use of Net Proceeds</b>	<b>Original allocation of Net Proceeds (HK\$ million)</b>	<b>Balance of Net Proceeds unutilised as at 31 December 2022 after 2<sup>nd</sup> re-allocation (HK\$ million)</b>	<b>Amount of Net Proceeds utilised during the six months ended 30 June 2023 (HK\$ million)</b>	<b>Balance of Proceeds unutilised as at 30 June 2023 (HK\$ million)</b>	<b>Intended timetable for the use of the unutilised Net Proceeds</b>
(iii) Expand our existing BPO and headhunting service offerings in the next three years in order to capture the expected growth potential in both service sectors	129.0	56.4	26.2	30.2	By 31 December 2023
(iv) Further enhance our integrated HR ecosystem and build up our capabilities in artificial intelligence and data mining technology	218.3	51.2	5.0	46.2	By 31 December 2024
(v) Further promote our brand and launch marketing and promotion activities	99.2	10.9	3.1	7.8	By 31 December 2023
(vi) Support our global expansion strategy in the next four years	79.4	23.0	1.3	21.7	By 31 December 2024
(vii) Working capital and general corporate purposes	99.2	20.0	20.0	0	By 31 December 2023
<b>Total</b>	<b>992.2</b>	<b>250.8</b>	<b>94.6</b>	<b>156.2</b>	

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.

## INTERIM RESULTS

The Board announces the unaudited consolidated results of the Group for the six months ended 30 June 2023 with comparative figures for the six months ended 30 June 2022 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

	Note	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Revenue</b>	4	<b>2,068,304</b>	1,733,889
Cost of revenue		<b>(1,900,792)</b>	(1,668,144)
<b>Gross profit</b>		<b>167,512</b>	65,745
Selling and marketing expenses		<b>(88,264)</b>	(24,447)
Research and development expenses		<b>(26,216)</b>	(13,254)
Administrative expenses		<b>(74,973)</b>	(57,637)
Provision for net impairment losses on financial assets		<b>(3,325)</b>	(3,328)
Other income	5	<b>52,012</b>	15,824
Other losses, net	6	<b>(3,344)</b>	(12,522)
<b>Operating profit/(loss)</b>		<b>23,402</b>	(29,619)
Finance income	7	<b>2,194</b>	1,981
Finance costs	7	<b>(4,702)</b>	(3,025)
Finance costs, net	7	<b>(2,508)</b>	(1,044)
Share of results of joint ventures		<b>1,373</b>	2,071
Share of results of associates		<b>(2,195)</b>	—
<b>Profit/(loss) before income tax</b>		<b>20,072</b>	(28,592)
Income tax (expenses)/credits	8	<b>(1,221)</b>	3,977
<b>Profit/(loss) for the period</b>		<b>18,851</b>	(24,615)
<b>Profit/(loss) is attributable to:</b>			
– Equity holders of the Company		<b>10,058</b>	(25,425)
– Non-controlling interests		<b>8,793</b>	810
<b>Earnings/(loss) per share (expressed in RMB per share)</b>			
– Basic earnings/(loss) per share	9	<b>0.07</b>	(0.17)
– Diluted earnings/(loss) per share	9	<b>0.06</b>	(0.17)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/  
(LOSS)**

*For the six months ended 30 June 2023*

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	<i>(Unaudited)</i>
<b>Profit/(loss) for the period</b>	<b>18,851</b>	(24,615)
<b>Other comprehensive income</b>		
<i>Items that may not be reclassified subsequently to profit or loss:</i>		
Currency translation differences of the Company	<b>37,792</b>	51,127
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences of subsidiaries	<b>(32,621)</b>	(37,903)
Changes in the fair value of financial assets at fair value through other comprehensive income	<b>—</b>	1,730
<b>Other comprehensive income for the period, net of tax</b>	<b>5,171</b>	14,954
<b>Total comprehensive income/(loss) for the period</b>	<b>24,022</b>	(9,661)
<b>Total comprehensive income/(loss) for the period is attributable to:</b>		
– Equity holders of the Company	<b>15,229</b>	(10,471)
– Non-controlling interests	<b>8,793</b>	810

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2023

	Note	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		48,642	65,116
Intangible assets	10	409,048	419,987
Investments in joint ventures accounted for using the equity method		26,625	25,252
Investments in associates accounted for using the equity method		7,695	5,890
Financial assets at fair value through profit or loss		29,648	34,300
Derivative financial instruments		1,488	1,526
Other non-current assets		46,970	63,382
Deferred income tax assets		20,684	16,215
Restricted cash		3,200	—
<b>Total non-current assets</b>		<b>594,000</b>	<b>631,668</b>
<b>Current assets</b>			
Trade and notes receivables	11	1,146,788	955,940
Prepayments, deposits and other receivables		52,405	40,435
Contract fulfilment cost		18,452	7,847
Financial assets at fair value through other comprehensive income		19,167	5,376
Financial assets at fair value through profit or loss		72,976	114,743
Derivative financial instruments		11,117	10,584
Restricted cash		3,420	6,858
Cash and cash equivalents		234,537	354,436
<b>Total current assets</b>		<b>1,558,862</b>	<b>1,496,219</b>
<b>Total assets</b>		<b>2,152,862</b>	<b>2,127,887</b>

## CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 June 2023

	Note	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		53	53
Share premium		2,167,837	2,167,837
Shares held for share-based payment scheme		(87,887)	(87,887)
Other reserves		(29,161)	(38,563)
Accumulated losses		(785,290)	(795,348)
		<u>1,265,552</u>	<u>1,246,092</u>
<b>Non-controlling interests</b>		<b>212,295</b>	<b>203,502</b>
		<u>1,477,847</u>	<u>1,449,594</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		16,067	18,057
Lease liabilities		9,558	19,112
		<u>25,625</u>	<u>37,169</u>
<b>Current liabilities</b>			
Trade and other payables	12	461,494	497,988
Contract liabilities		21,480	14,028
Current income tax liabilities		8,617	10,503
Borrowings		136,167	95,164
Lease liabilities		21,632	23,441
		<u>649,390</u>	<u>641,124</u>
<b>Total current liabilities</b>		<b>649,390</b>	<b>641,124</b>
		<u>675,015</u>	<u>678,293</u>
<b>Total liabilities</b>		<b>675,015</b>	<b>678,293</b>
		<u>2,152,862</u>	<u>2,127,887</u>
<b>Total equity and liabilities</b>		<b>2,152,862</b>	<b>2,127,887</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 June 2023*

		Attributable to equity holders of the Company							
		Shares held for share-based payment					Non-controlling interests		Total equity
Note	Share capital	Share premium	scheme	Other reserves	Accumulated losses	Total	interests	equity	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<i>(Unaudited)</i>									
Balance at 1 January 2023	<u>53</u>	<u>2,167,837</u>	<u>(87,887)</u>	<u>(38,563)</u>	<u>(795,348)</u>	<u>1,246,092</u>	<u>203,502</u>	<u>1,449,594</u>	
<b>Comprehensive income</b>									
Profit for the period	—	—	—	—	10,058	10,058	8,793	18,851	
Other comprehensive income									
– Currency translation differences	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,171</u>	<u>—</u>	<u>5,171</u>	<u>—</u>	<u>5,171</u>	
Total comprehensive income	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,171</u>	<u>10,058</u>	<u>15,229</u>	<u>8,793</u>	<u>24,022</u>	
<b>Transactions with equity holders in their capacity as equity holders</b>									
Share-based compensation	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,231</u>	<u>—</u>	<u>4,231</u>	<u>—</u>	<u>4,231</u>	
Total transactions with equity holders in their capacity as equity holders	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,231</u>	<u>—</u>	<u>4,231</u>	<u>—</u>	<u>4,231</u>	
Balance at 30 June 2023	<u>53</u>	<u>2,167,837</u>	<u>(87,887)</u>	<u>(29,161)</u>	<u>(785,290)</u>	<u>1,265,552</u>	<u>212,295</u>	<u>1,477,847</u>	

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2023

	Attributable to equity holders of the Company								
	Note	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
<i>(Unaudited)</i>									
<b>Balance at 1 January 2022</b>	53	2,199,102	(87,887)	(68,394)	(788,045)	1,254,829	22,903	1,277,732	
<b>Comprehensive income</b>									
(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	
<b>Total comprehensive income/(loss)</b>	—	—	—	14,954	(25,425)	(10,471)	810	(9,661)	
<b>Transactions with equity holders in their capacity as equity holders</b>									
Share-based compensation	—	—	—	2,235	—	2,235	—	2,235	
Exercise of share options	—	111	—	—	—	111	—	111	
Dividends declared	—	(32,130)	—	—	—	(32,130)	—	(32,130)	
<b>Total transactions with equity holders in their capacity as equity holders</b>	—	(32,019)	—	2,235	—	(29,784)	—	(29,784)	
<b>Balance at 30 June 2022</b>	53	2,167,083	(87,887)	(51,205)	(813,470)	1,214,574	23,713	1,238,287	



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended 30 June 2023*

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b> <i>(Unaudited)</i>	RMB'000 <i>(Unaudited)</i>
<b>Cash flows used in operating activities</b>		
Cash used in operations	(176,469)	(874)
Income tax paid	(9,566)	(18,875)
<b>Net cash used in operating activities</b>	<u>(186,035)</u>	<u>(19,749)</u>
<b>Cash flows generated from/(used in) investing activities</b>		
Payment for acquisition of subsidiaries, net of cash acquired	—	(14,702)
Purchase of property, plant and equipment	(544)	(8,768)
Purchase of intangible assets	(1,293)	—
Purchase of financial assets at fair value through profit or loss	(42,400)	(200,000)
Prepayment for acquisition of subsidiaries	—	(183,609)
Proceeds from disposal of financial assets at fair value through profit or loss	86,064	170,314
Proceeds from disposal of property, plant and equipment	221	2,340
Investment income from financial assets at fair value through profit or loss	1,405	—
Proceeds from disposal of financial assets at fair value through other comprehensive income	—	102,027
Cash paid for investing in an associate	(4,000)	—
Interest received	2,194	1,940
<b>Net cash generated from/(used in) investing activities</b>	<u>41,647</u>	<u>(130,458)</u>
<b>Cash flows generated from/(used in) financing activities</b>		
Proceeds from exercise of share options	—	111
Proceeds from bank borrowings	140,000	9,020
Repayments of bank borrowings	(99,000)	(14,037)
Payment of lease liabilities	(13,427)	(12,609)
Interest paid	(3,620)	(213)
<b>Net cash generated from/(used in) financing activities</b>	<u>23,953</u>	<u>(17,728)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(120,435)</u>	<u>(167,935)</u>
Cash and cash equivalents at beginning of the period	354,436	638,373
Effects of exchange rate changes on cash and cash equivalents	536	10,220
<b>Cash and cash equivalents at end of the period</b>	<u><u>234,537</u></u>	<u><u>480,658</u></u>

## 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, Umland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company, an investment holding company, and its subsidiaries (together, the “**Group**”) are principally engaged in the provision of comprehensive flexible staffing services, professional recruitment services and other human resources (“**HR**”) solutions services 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 (collectively, the “**Controlling Equity Holders**”).

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

The 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 2023.

### 2 Basis of preparation

The unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2023 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 2022, 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 2022, 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 2023 as described below and disclosed elsewhere in this interim financial information.

#### (a) New standards, amendments and interpretations of HKFRSs effective for 2023

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing on 1 January 2023

- HKAS 1 and HKFRS Practice Statement 2 - Disclosure of Accounting Policies (amendments)
- HKAS 8 - Definition of Accounting Estimates (amendments)
- HKAS 12 - Deferred tax related to assets and liabilities arising from a single transaction (amendments)
- HKAS 12 - International Tax Reform - Pillar Two Model Rules (amendments)
- HKFRS 17 - Insurance Contracts (new standard)
- HKFRS 17 - Amendments to HKFRS 17
- HKFRS 17 - Initial Application of HKFRS 17 and HKFRS 9—Comparative Information

The adoption of the above new amendments starting from 1 January 2023 did not give rise to significant impact on the Group's result of operations and financial position for the six months ended 30 June 2023.

#### (b) New standards and interpretations not yet adopted

Certain new accounting standards, amendments and interpretations have been published but are not mandatory for the financial year beginning 1 January 2023 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 ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions.

#### *Comprehensive flexible staffing*

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

#### *Professional recruitment and other HR solutions*

The professional recruitment segment offers bulk recruitment service. The Group assists customers in searching for, identifying and recommending suitable candidates for the job vacancies. Also, the Group assists customers' hiring process, which includes candidate assessments, screening and conducting candidate interviews. The Group also provides other HR solutions such as corporate training and labour dispatch.

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

The principal operating entities of the Group are domiciled in the PRC. Accordingly, 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 2023 was as follows:

	<b>Six months ended 30 June 2023</b>		
	<b>Comprehensive flexible staffing RMB'000 (Unaudited)</b>	<b>Professional recruitment and other HR solutions RMB'000 (Unaudited)</b>	<b>Total RMB'000 (Unaudited)</b>
Segment revenue	<u>2,051,202</u>	<u>17,102</u>	<u>2,068,304</u>
Segment gross profit	<u>161,116</u>	<u>6,396</u>	<u>167,512</u>
Unallocated:			
Selling and marketing expenses			(88,264)
Research and development expenses			(26,216)
Administrative expenses			(74,973)
Other income (Note 5)			52,012
Other losses, net (Note 6)			(3,344)
Provision for net impairment losses on financial assets			(3,325)
Finance costs, net (Note 7)			(2,508)
Share of results of joint ventures accounted for using the equity method			1,373
Share of results of associates accounted for using the equity method			<u>(2,195)</u>
Profit before income tax			20,072
Income tax expenses (Note 8)			<u>(1,221)</u>
Profit for the period			<u><u>18,851</u></u>

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		Total RMB'000 (Unaudited)
	Comprehensive flexible staffing RMB'000 (Unaudited)	Professional recruitment and other HR solutions RMB'000 (Unaudited)	
Segment revenue	1,695,163	38,726	1,733,889
Segment gross profit	52,588	13,157	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 accounted for using the equity method			2,071
Loss before income tax			(28,592)
Income tax credits (Note 8)			3,977
Loss for the period			<u>(24,615)</u>

**(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**

The Group derived revenue in the following types:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Comprehensive flexible staffing		
– General services outsourcing	<b>1,193,780</b>	1,461,378
– Digital technology and cloud services	<b>736,087</b>	111,442
– Digital operation and customer services	<b>121,335</b>	122,343
Professional recruitment and other solutions	<b>17,102</b>	38,726
	<b>2,068,304</b>	<b>1,733,889</b>

**5 Other income**

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Government grants	<b>47,519</b>	10,035
Additional deduction of input value-added tax (“VAT”)	<b>3,259</b>	4,452
Interest income from financial assets at FVOCI	<b>—</b>	659
Others	<b>1,234</b>	678
	<b>52,012</b>	<b>15,824</b>

## 6 Other losses, net

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Impairment of goodwill	—	(16,372)
Exchange (losses)/gains - net	(3,447)	128
Net fair value gains on derivative financial instruments	495	8,702
Fair value gains on contingent consideration receivable at FVPL	552	4,179
Fair value gains on contingent consideration payable at FVPL	—	4,245
Fair value losses from equity investment at FVPL	(4,652)	(790)
Net fair value gains/(losses) on wealth management products purchased from bank at FVPL	849	(8,518)
Net losses on disposal of wealth management products at FVOCI	—	(2,496)
Net losses on disposal of property, plant and equipment	(48)	(1,360)
Investment income on wealth management products at FVPL	1,304	—
Others	1,603	(240)
	<u>(3,344)</u>	<u>(12,522)</u>

## 7 Finance income and costs

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Finance income</i>		
Interest income on cash and cash equivalents	<u>2,194</u>	<u>1,981</u>
<b>Finance income</b>	<u>2,194</u>	<u>1,981</u>
<i>Finance costs</i>		
Interest expense		
– lease liabilities	(1,078)	(2,811)
– borrowings	(3,624)	(214)
<b>Finance costs expensed</b>	<u>(4,702)</u>	<u>(3,025)</u>
<b>Finance costs, net</b>	<u>(2,508)</u>	<u>(1,044)</u>



## 8 Income tax (expenses)/credits

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 2023 and 2022.

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 (expenses)/credits for the period is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax	(7,680)	(8,197)
Deferred income tax	6,459	12,174
	<u>(1,221)</u>	<u>3,977</u>

## 9 Earnings/(loss) per share

### (a) Basic earnings/(loss) per share

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Profit/(loss) attributable to the equity holders of the Company (RMB'000)	<u>10,058</u>	<u>(25,425)</u>
Weighted average number of ordinary shares in issue (thousands)	153,044	153,021
Basic earnings/(loss) per share attributable to the equity holders of the Company (RMB per share)	<u>0.07</u>	<u>(0.17)</u>

**(b) Diluted earnings/(loss) per share**

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings/(loss) 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 2023 and 2022, share options granted to employees were assumed to be potential ordinary shares and have been considered in the determination of diluted earnings/(loss) per share.

For the six months ended 30 June 2023, share options granted to employees were assumed to be potential ordinary shares and have been considered in the determination of diluted earnings per share, among which 12,255,700 share options granted before 31 December 2019 in total under Pre-IPO share option schemes, 500,200 share options granted on 22 January 2021, 1,479,700 share options granted on 16 July 2021, 4,474,500 share options granted on 17 June 2022, and 6,953,000 share options granted on 2 May 2023 were not included in the calculation of diluted earnings per share because they were anti-dilutive for the six months ended 30 June 2023. These share options could potentially dilute basic earnings per share in the future.

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.

The diluted earnings/(loss) per share for the six months ended 30 June 2023 and 2022 was as following:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit/(loss) attributable to the equity holders of the Company (RMB'000)	<b>10,058</b>	(25,425)
Weighted average number of ordinary shares in issue (thousands)	<b>153,044</b>	153,021
Adjustments for calculation of diluted earnings per share (thousands):		
– Share options	<b>3,326</b>	—
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share (thousands)	<b>156,370</b>	153,021
Diluted earnings/(loss) per share attributable to the equity holders of the Company (RMB per share)	<b>0.06</b>	(0.17)

## 10 Intangible assets

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

	Software RMB'000	Goodwill RMB'000	Customer relationships RMB'000	Total RMB'000
<b>At 1 January 2023 (Audited)</b>				
Cost	9,403	324,234	116,899	450,536
Impairment loss	—	(16,372)	—	(16,372)
Accumulated amortisation	(3,288)	—	(10,889)	(14,177)
Net book amount	<u>6,115</u>	<u>307,862</u>	<u>106,010</u>	<u>419,987</u>
<b>Six month ended 30 June 2023</b>				
Opening net book amount	6,115	307,862	106,010	419,987
Additions	1,293	—	—	1,293
Amortisation charge	(542)	—	(11,690)	(12,232)
Closing net book amount	<u>6,866</u>	<u>307,862</u>	<u>94,320</u>	<u>409,048</u>
<b>At 30 June 2023 (Unaudited)</b>				
Cost	10,696	324,234	116,899	451,829
Impairment loss	—	(16,372)	—	(16,372)
Accumulated amortisation	(3,830)	—	(22,579)	(26,409)
Net book amount	<u>6,866</u>	<u>307,862</u>	<u>94,320</u>	<u>409,048</u>

(i) Goodwill

Goodwill of RMB 307,862,000 (31 December 2022: RMB 307,862,000) has been allocated to the subsidiaries acquired as a whole for impairment testing as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Lingshi Yuntian and Shanghai Lingshi	42,301	42,301
Shanghai Sirui Information Technology Co., Ltd. ("Shanghai Sirui")	265,561	265,561

The management performed an impairment assessment on the goodwill as at balance sheet date. The recoverable amounts of these subsidiaries are determined based on value-in-use calculations.

The following table set out the key assumptions for those CGUs that have significant goodwill allocated to them as at 30 June 2023:

	<b>Annual revenue growth rate for the 5-year period (%)</b>	<b>Gross profit rate (%)</b>	<b>Terminal revenue growth rate (%)</b>	<b>Pre-tax discount rate (%)</b>
Lingshi Yuntian and Shanghai Lingshi	<b>6%-33%</b>	<b>8%-9%</b>	<b>2.5%</b>	<b>23%</b>
Shanghai Sirui	<b>7%-18%</b>	<b>14%-15%</b>	<b>2.5%</b>	<b>17%</b>

The following table set out the key assumptions for those CGUs that have significant goodwill allocated to them as at 31 December 2022:

	Annual revenue growth rate for the 5-year period (%)	Gross profit rate (%)	Terminal revenue growth rate (%)	Pre-tax discount rate (%)
Lingshi Yuntian and Shanghai Lingshi	6%-33%	8%-9%	2.5%	23%
Shanghai Sirui	15%-20%	14%-16%	2.5%	17%

According to the management's estimation of the recoverable amount of the Lingshi Yuntian and Shanghai Lingshi with the assistance of independent valuers as at 30 June 2023, the directors of the Company determined that no impairment provision on goodwill allocated to Lingshi Yuntian and Shanghai Lingshi (six months ended 30 June 2022: impairment provision of RMB16,372,000).

The management has undertaken sensitivity analysis on the impairment tests of goodwill allocated to Lingshi Yuntian and Shanghai Lingshi. The directors of the Group considered there is no reasonably possible change in key parameters, which would cause the carrying amount of the CGU to exceed its recoverable amount.

According to the management's estimation of the recoverable amount of Shanghai Sirui with the assistance of independent valuers as at 30 June 2023, the directors of the Company determined that no impairment provision on goodwill allocated to Shanghai Sirui for the six months ended 30 June 2023.

The management has undertaken sensitivity analysis on the impairment tests of goodwill allocated to Shanghai Sirui. The directors of the Group considered there is no reasonably possible change in key parameters, which would cause the carrying amount of the CGU to exceed its recoverable amount.

## 11 Trade and notes receivables

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables	1,144,339	959,650
Less: provision for impairment of trade receivables	(11,721)	(8,456)
Trade receivables - net	<u>1,132,618</u>	<u>951,194</u>
Notes receivables at amortised cost	14,253	4,775
Less: provision for impairment of notes receivables	(83)	(29)
Notes receivables at amortised cost - net	<u>14,170</u>	<u>4,746</u>
	<u><b>1,146,788</b></u>	<u><b>955,940</b></u>

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 2023 and 31 December 2022.

The Group generally allows a credit period of 10 to 180 days to its customers. Ageing analysis of trade receivables based on recognition date before provision for impairment was as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables		
– Within 3 months	872,123	786,257
– 4 months to 6 months	184,403	113,125
– 7 months to 9 months	38,066	23,993
– 10 months to 12 months	23,991	22,145
– Over 12 months	25,756	14,130
	<u>1,144,339</u>	<u>959,650</u>

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

## 12 Trade and other payables

	As at As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade payables due to third parties	16,448	37,476
Trade payables due to a joint venture	784	645
Accrued payroll and welfare	359,051	376,615
VAT and surcharges	62,761	56,729
Risk deposit due to customers	7,485	9,902
Others	14,965	16,621
	<u>461,494</u>	<u>497,988</u>

As at 30 June 2023 and 31 December 2022, all trade and other payables of the Group were unsecured and non-interest bearing. The fair value of trade and other payables, except for accrued payroll and welfare and VAT and surcharges, which were not financial liabilities, approximated their carrying amounts due to short maturities.

As at 30 June 2023 and 31 December 2022, the ageing analysis of the trade payables based on invoice date was as follows:

	As at As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade payables		
– Within 6 months	16,940	38,121
– 7 months to 12 months	292	—
	<u>17,232</u>	<u>38,121</u>

## 13 Dividends

No dividends were paid or declared by the Company for the six months ended 30 June 2023.

## 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. The Board is of the view that during the six months ended 30 June 2023, 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. 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 2023.

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 2023.

## **OTHER IMPORTANT EVENTS**

On 2 May 2023, the Company granted share options to 162 grantees pursuant to the Post-IPO Share Option Scheme. The granted options shall entitle the grantees to subscribe for a maximum of 6,993,000 Shares, of which options to subscribe for a total of 600,000 Shares were granted to two Directors, and all the remaining 6,393,000 options were granted to 160 employees of the Group. The exercise price of the options granted is HK\$4.28 per share. For further details, please refer to the Company's announcement dated 2 May 2023.

## **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 2023.

## **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. Xu Zhetong. 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 2023. 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 2023 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.

## **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 2023 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:

“2022 Interim Period”	the six months ended 30 June 2022;
“2023 Interim Period”	the six months ended 30 June 2023;
“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;
“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);
“Director(s)”	the director(s) of the Company;
“FVOCI”	fair value through other comprehensive income;

“GDP”	gross domestic product;
“Group” or “we”	the Company together with its subsidiaries;
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HR”	human resources;
“Lingshi Yuntian”	Lingshi Yuntian Information Technology (Changzhou) Co., Ltd.* (領時雲天信息科技(常州)有限公司), which was previously known as Jiangnan Finance Technology (Changzhou) Co., Ltd.* (江南金融科技(常州)有限公司);
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Model Code”	Model Code for Securities Transactions by Directors of Listed 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 Option Scheme”	post-IPO share option scheme of the Company adopted on 26 November 2019;
“PRC” or “China”	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;
“Renrui New Career”	Renrui New Career Technology Services (Shanghai) Co., Ltd.* (人瑞新職科技服務(上海)有限公司);
“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;
“Wanma Technology”	Shanghai Wanmahui Network Technology Co., Ltd.* (上海萬馬匯網絡科技有限公司);
“Zhencheng Technology”	Shanghai Zhencheng Technology Co., Ltd.* (上海圳誠科技有限公司); and
“%”	per cent.

*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 2023

*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. Xu Zhetong as non-executive Directors; and Ms. Chan Mei Bo Mabel, Mr. Shen Hao and Mr. Leung Ming Shu as independent non-executive Directors.*