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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 2024

SUMMARY OF INTERIM RESULTS

RESULTS	Six months ended 30 June		Change
	2024	2023	
	RMB'000	RMB'000	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	
Revenue	2,482,348	2,068,304	20.0%
Gross profit	230,442	167,512	37.6%
Operating profit	31,487	23,402	34.5%
Profit for the period	20,393	18,851	8.2%
Profit attributable to the equity holders of the Company	21,853	10,058	117.3%
<u>NON-HKFRS MEASURES</u>			
Adjusted profit for the period ⁽¹⁾	34,635	36,342	-4.7%
Adjusted profit attributable to the equity holders of the Company ⁽¹⁾	31,154	22,439	38.8%
Adjusted net margin attributable to the equity holders of the Company (%) ⁽²⁾	1.3	1.1	0.2 percentage points
<i>Notes:</i>			
(1) Adjusted profit for the period and adjusted profit attributable to the equity holders of the Company refers to the profit for the period and profit attributable to the equity holders of the Company excluding items which do not relate to the ordinary course of business of the Group 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. Adjusted profit for the period and adjusted profit attributable to the equity holders of the Company are not measures required by or presented in accordance with HKFRS. The use of such non-HKFRS measures has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of, the Group's results of operations or financial condition as reported under HKFRS. Please refer to the paragraph headed "Non-HKFRS Measures" under "MANAGEMENT DISCUSSION AND ANALYSIS - FINANCIAL REVIEW" in this announcement for more details.			
(2) Adjusted net margin attributable to the equity holders of the Company is calculated as the adjusted profit 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 2024 (for the six months ended 30 June 2023: nil).

BUSINESS REVIEW AND OUTLOOK

In the first half of 2024, the Company achieved steady growth, mainly attributable to the increase in revenue across all business segments, improved operational efficiency, and cost control. Our revenue increased by approximately 20.0% to approximately RMB2,482.3 million compared to the same period in 2023. The rapid development of the digital technology related talents business, along with the value management of strategic and key clients, led to high-quality revenue streams, driving gross profit growth by approximately 37.6%, with the gross profit margin reaching approximately 9.3%. The net profit attributable to equity holders of the Company increased by approximately 117.3% to approximately RMB21.9 million compared to the same period in 2023. The number of comprehensive flexible staffing employees increased from approximately 33,864 as at 30 June 2023 to approximately 38,300 as at 30 June 2024, among which the number of digital talents increased from approximately 7,830 as at 30 June 2023, to approximately 10,230 as at 30 June 2024, reflecting a steady increase in service scale. We actively seek new business growth opportunities. To develop new revenue streams, we started to implement overseas human resources service strategy through mergers and acquisitions, joint ventures and setting up wholly-owned entities in overseas, with a focus on large-scale clients. We adhere to technology-driven human resources services, continuously innovate through research and development to create a full digital business process management system to achieve comprehensive cost reduction and efficiency enhancement, improve operational efficiency, and increase client and employee satisfaction.

Throughout the year, while the economic environment has seen a gradual recovery, the overall employment market and human resources industry are still facing challenges. In the face of these challenges, we have focused on our core advantages and boldly explored new clients and markets to achieve growth. Firstly, the development of digital transformation and new quality productive forces has brought about structural changes to China's economy and industries, creating a robust foundation for new opportunities in our digital talent business. The rapid evolution of skill requirements in new industries and new job positions has resulted in a structural shortage of digital talent, with the talent gap continuing to widen. Secondly, the intensifying competition among enterprises has made cost reduction and efficiency improvement the primary focus of enterprise management. Our professional human resources outsourcing services leverage dynamic and efficient human resources allocation and management to create economic benefits for enterprises, addressing our clients' key concerns in cost reduction, efficiency improvement, and risk management. Thirdly, the fluctuating domestic demand and the current stage of economic cycle have prompted a number of Chinese enterprises to expand into overseas markets. We proactively pursue new growth opportunities by leveraging our accumulated large-scale clients' resources and professional service capabilities to serve the overseas business of our existing key clients.

In the first half of 2024, the key performance of the main business segments is as follows:

- **Digital Talent Business:** The revenue from digital technology and cloud services amounted to approximately RMB948.2 million for the first half of 2024, representing an increase of approximately 28.8% compared to the same period in 2023, and the scale was further expanded. It contributed 38.2% to total revenue and 56.1% to gross profit, driving the Company's gross profit margin to increase from 8.1% in the first half of 2023 to 9.3% in the first half of 2024. In terms of clients, we continued to develop new clients and further strengthened the screening and management of valuable clients to achieve client revenue growth and profit management, and improved client stickiness and gained more market share through differentiated services and improvement of client satisfaction. We have achieved strong growth in various industries including intelligent manufacturing and automotive, communications, energy and finance as well as technology and internet industries, with more than 500 flexible staffing employees engaged by top clients. We have also formed a large-scale client pool, with around 20 clients each engaging over 100 flexible staffing employees. As at 30 June 2024, the Company provided approximately 10,230 IT and digital talents to our clients. As business scale continues to expand, our gross profit margin still has room for improvement. In the first half of 2024, in addition to client expansion, we strengthened employee management empowerment, including flexible staffing employee lifecycle management, improvement of employee service value and capability through training, etc., to improve employee satisfaction and reduce employee turnover rate. In addition, besides the digital talent recruitment center, we further expanded the digital talent sharing center and built a system-based digital talent business center to enhance the support and efficiency of our business processes such as business support, quality control, labor relations management, project management and talent cultivation, and to further reduce our operating costs. In the first half of 2024, the Company's per capita recruitment costs and service costs decreased as compared to the first half of 2023.
- **General Service Outsourcing:** The revenue generated from general service outsourcing was approximately RMB1,376.0 million, representing an increase of approximately 15.3% compared with the same period in 2023, which was mainly attributable to the growth in business demand from strategic and large-scale clients and the expansion of customer base, as well as the remarkable performance of new clients. We focused on large-scale client strategy and achieved high client retention with client satisfaction rate improved. While being deeply engaged in the Internet and technology industry, we expanded our client base across various industries such as retail, new energy, logistic and automotive. Extending to job positions with higher value and longer terms such as finance, legal, HR and administration brought us new opportunities from both existing clients and new clients. As at 30 June 2024, we have around 24,000 flexible staffing employees engaged by our clients for the general service outsourcing business, among which high-value positions relating to finance, legal, HR and administration have grown rapidly, and the service value drives the average service fees rate to increase steadily.

- Our businesses such as digital operation and customer services, professional recruitment and other HR solutions have also achieved year-on-year growth. Our value lies in enhancing client experience and satisfaction through adhering to customer-centricity. It is precisely because of our advantages in service that we have gained the opportunity to grow when there was an expansion in demand from new and existing clients.
- With the continuous changes in the market environment and clients’ growing demand for HR services in overseas markets, we have also developed a new international business strategy this year to serve the overseas business of our existing key clients. Following this strategy, we promptly set up an international, young and professional talent team. For overseas business, we are making efforts to establish similar advantages that we have accumulated in domestic market for many years, namely providing timely feedback in response to client needs so as to provide efficient overseas recruitment services, outsourcing services, employer of record services, payroll services and cross-regional employment management solutions.

We have continued to invest in innovation and technology. Adhering to technology-driven HR services is our strategic pillar. Under the leadership of the Chief Executive Officer, we promoted digital transformation at the group level starting from 2023 and carried out digital construction based on the “business operation” workflow. A recruitment management system was adopted to change employees’ working styles and practices, improve efficiency, drive benefits and create differentiated product advantages. Through the real-time, visual and intelligent interface of the business and financial management system, concise business data summaries and financial performance indicators can be generated for our easy identification of trends, patterns and key success factors to further support data-based decisions. It can also effectively monitor and analyse our business performance and risk warnings, providing valuable information for us to continuously improve all aspects of HR services. Benefiting from the continued investment in R&D, our per capita service efficiency ranks top in the industry.

Our candidate database has also been further expanded, and our efforts in data security governance provided a solid guarantee for data security. The 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.

We have dynamically adjusted the organisation structure adapting to our strategy, centralized recruitment and shared delivery center, improved performance management mechanism with standardised operational KPIs and sales mindset, and refined delivery standards. We also optimized resources allocation by strategically allocate spending on key business areas and key accounts. We have also launched an internal expense management system to improve the effectiveness of expense usage through data analysis of expense allocation, utilization and evaluation. Cost control measures such as thoughtful headcount allocation and tightened procurement policies are also underway to facilitate healthy, agile and sustainable development of the Group. This allows us to achieve better business performance and financial results.

Our strategic and fast-growing digital talent business made significant progress, and general service outsourcing business resumed to a growth trajectory. Reflecting upon our business and financial results in the first half of 2024, we remain committed to achieving sustainable long-term growth and creating value for the Shareholders.

Looking forward, China's economy is steadily progressing towards recovery. According to data from the National Bureau of Statistics, GDP of China in the first half of 2024 reached approximately RMB62 trillion, representing a year-on-year increase of 5.0%. The Chinese government is launching a series of measures to stabilise and stimulate the economy and employment, including measures for accelerating the development of digital economy and supporting policies for multiple industries. In April 2024, the National Development and Reform Commission and the National Data Administration issued the "Work Points for Digital Economy in 2024" (《數字經濟2024年工作要點》) to support high-quality development of the digital economy, which outlines nine measures for implementation, including advancing digital infrastructure, digital transformation of manufacturing, new digital industries, digital government, digital life, digital economy and trade and network security. In the same month, the Ministry of Human Resources and Social Security issued the "Action Plan for Accelerating the Cultivation of Digital Talents to Support the Development of the Digital Economy (2024-2026)" (《加快數字人才培育支撐數字經濟發展行動方案(2024—2026年)》) to support the talent needs for the development of the digital economy. The Ministry of Human Resources and Social Security has issued "Notice on the Implementation of the Action Plan for the Innovation and Development of Human Resources Services (2023-2025)" (《關於實施人力資源服務創新發展行動計劃(2023-2025)通知》), to encourage the deep integration of digital technology and human resources management services, support human resources service companies to use emerging technologies, and accelerate the realisation of data-based business and intelligent operations. We will seize such a development opportunity of digital intelligence for industries to further develop and expand our integrated HR services and digital technology solutions.

During the economic and industry cycles, as 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. The improvement of the market supervision system has also prompted companies to pay attention to corporate governance and risk management. Our rich experience in employment compliance management and customized solutions can help companies in achieving sustainable talent strategies. We will continue to enhance our core competitiveness to meet client needs by improving our service capabilities and labour efficiency through technology and management.

We will continue our investments in innovation to maintain market leadership and enhance business performance.

Therefore, we remain optimistic about the long-term sustainable growth potential of the Group. We will seize market opportunities, look for growth points, expand our market presence and deliver value to our clients through continuously expanded and diversified service products and professional service capabilities. The Directors are confident in the future prospects of the 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 2024, the total revenue of the Group amounted to approximately RMB2,482.3 million, representing an increase of approximately 20.0% as compared to that of approximately RMB2,068.3 million for the six months ended 30 June 2023. Such increase was mainly due to the realisation of growth in all business segments, especially the rapid growth in revenue from digital technology and cloud services business.

The Group's revenue of each business segment for the six months ended 30 June 2024 is as follows:

	Six months ended 30 June			
	2024		2023	
	Revenue	%	Revenue	%
	RMB'000		RMB'000	
	(Unaudited)		(Unaudited)	
Comprehensive flexible staffing	2,456,412	99.0	2,051,202	99.2
Professional recruitment and other HR solutions	25,936	1.0	17,102	0.8
Total	2,482,348	100.0	2,068,304	100.0

Adhering to our strategy of focusing on serving large-scale clients, we recorded a revenue of approximately RMB894.9 million from our top five clients for the six months ended 30 June 2024, accounting for approximately 36.0% of the total revenue for the first half of 2024, with the largest client accounting for approximately 11.3%.

Comprehensive Flexible Staffing

The revenue generated from comprehensive flexible staffing services for the six months ended 30 June 2024 amounted to approximately RMB2,456.4 million, representing an increase of approximately 19.8% as compared to that of approximately RMB2,051.2 million for the six months ended 30 June 2023, mainly driven by the strong demand of digital and IT talents from the clients and the increasing demand for general service outsourcing by certain key clients. The number of comprehensive flexible staffing employees increased by approximately 13.1% from 33,864 as at 30 June 2023 to approximately 38,300 as at 30 June 2024. In the first half of 2024, we recruited 19,720 comprehensive flexible staffing employees, representing an increase of approximately 3.6% from 19,032 comprehensive flexible staffing employees in the first half of 2023.

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

	Six months ended 30 June			
	2024		2023	
	Revenue RMB'000 (Unaudited)	%	Revenue RMB'000 (Unaudited)	%
General service outsourcing	1,375,961	56.0	1,193,780	58.2
Digital technology and cloud services	948,192	38.6	736,087	35.9
Digital operation and customer services	132,259	5.4	121,335	5.9
Total in comprehensive flexible staffing services	<u>2,456,412</u>	<u>100.0</u>	<u>2,051,202</u>	<u>100.0</u>

During the first half of 2024, we have made significant growth in business scale of the digital talent services, with revenue contribution from digital technology and cloud services as a percentage of revenue of comprehensive flexible staffing services business amounted to approximately 38.6% for the six months ended 30 June 2024, growing from approximately 35.9% for the six months ended 30 June 2023. As at 30 June 2024, the number of digital and IT talents reached approximately 10,230, representing an increase of approximately 2,400 from approximately 7,830 as at 30 June 2023, and the revenue generated from digital technology and cloud services was approximately RMB948.2 million, representing an increase of approximately 28.8% as compared to that of 2023, including approximately RMB522.8 million from existing business and approximately RMB425.4 million contributed by Shanghai Sirui. The revenue generated from general service outsourcing was approximately RMB1,376.0 million, representing an increase of 15.3% as compared to that of 2023, mainly due to recovery of the staffing demand from the clients during the period. The revenue generated from digital operation and customer services was approximately RMB132.3 million, maintaining a relatively stable scale with improved efficiency and gross profit margin.

The turnover rate of comprehensive flexible staffing employees was approximately 6.7% in the first half of 2024, representing a decrease from approximately 7.4% in 2023. We will strengthen our efforts in continuous optimisation of the ecosystem platform, investment in data-driven analytics, and enhancement of standardisation of the project management process of comprehensive flexible staffing to achieve comprehensive online project management and online monitoring of key operating indicators.

Professional Recruitment and Other HR Solutions

For the six months ended 30 June 2024, revenue from professional recruitment and other HR solutions amounted to approximately RMB25.9 million, as compared to approximately RMB17.1 million for the same period of 2023, the increase of which was mainly due to the increase in revenue of other HR solutions, which include training and development courses, labour dispatch services and consultation 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 2024, the Group's total cost amounted to approximately RMB2,251.9 million, representing an increase of approximately 18.5% as compared to that of approximately RMB1,900.8 million for the six months ended 30 June 2023. The increase in cost 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.

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			
	2024		2023	
	RMB'000	%	RMB'000	%
	(Unaudited)		(Unaudited)	
Comprehensive flexible staffing	218,032	8.9	161,116	7.9
Professional recruitment and other HR solutions	12,410	47.8	6,396	37.4
Total	230,442	9.3	167,512	8.1

Our gross profit margin for the six months ended 30 June 2024 was approximately 9.3%, as compared to approximately 8.1% for the six months ended 30 June 2023, the increase of which was mainly due to the increase in revenue contribution from the digital technology and cloud services business that features higher gross profit margin.

The gross profit margin of comprehensive flexible staffing services was approximately 8.9% for the six months ended 30 June 2024, as compared to 7.9% in the same period last year, the increase of 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, digital business systems continue to enhance the benefit of our talent service operation. The gross profit margin for professional recruitment and other HR solutions was approximately 47.8% for the six months ended 30 June 2024 as compared to 37.4% in the same period last year, which was mainly due to the increase in revenue contribution from other HR solutions which features higher gross profit margin.

The following table sets forth our gross profit margin by service type for the periods indicated:

	Six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
General service outsourcing	73,154	5.3%	61,091	5.1%
Digital technology and cloud services	129,201	13.6%	87,077	11.8%
Digital operation and customer services	15,677	11.9%	12,948	10.7%
Total in comprehensive flexible staffing services	<u>218,032</u>	<u>8.9</u>	<u>161,116</u>	<u>7.9</u>

Selling and Marketing Expenses

Our selling and marketing expenses primarily comprise employee benefit expenses, marketing and promotion expenses, travelling and entertainment expenses, amortisation of intangible assets resulting from acquisition and others.

Our selling and marketing expenses for the six months ended 30 June 2024 amounted to approximately RMB98.8 million, representing an increase of approximately 12.0% as compared to that of approximately RMB88.3 million for the six months ended 30 June 2023. The increase was mainly due to the increase in selling and marketing expenses related to the rapidly growing digital talents business. In the first half of 2024, we have focused on the client development and customer value management and recorded strong sales across new and existing clients. Meanwhile, we commenced the implementation of expense control, improving the effectiveness of selling expenses by managing the expense ratio systematically. Therefore, our selling and marketing expenses as a percentage of revenue decreased from approximately 4.3% for the six months ended 30 June 2023 to approximately 4.0% for the six months ended 30 June 2024.

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.

In response to the enterprise digitalisation trend and to solidify our position as a leader in technology-driven HR services, more spending was made on the development of our integrated HR ecosystem. The R&D expenses for the six months ended 30 June 2024 amounted to approximately RMB31.5 million, representing an increase of approximately 20.2% as compared to that of approximately RMB26.2 million for the six months ended 30 June 2023. The increase was mainly due to upgrade in business operation and management with the aid of digital technology, in particular the further development of Ruizhi System dedicated for the digital and IT talent workforce solutions. Our R&D expenses as a percentage of revenue for the six months ended 30 June 2024 was approximately 1.3%, basically flat with approximately 1.3% for the six months ended 30 June 2023.

Administrative Expenses

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

Our administrative expenses for the six months ended 30 June 2024 amounted to approximately RMB71.7 million, representing a decrease of approximately 4.3% as compared to that of approximately RMB75.0 million for the six months ended 30 June 2023, mainly due to the expense control measures implemented during 2024. Therefore, our administrative expenses as a percentage of revenue decreased from approximately 3.6% for the six months ended 30 June 2023 to approximately 2.9% for the six months ended 30 June 2024.

HR

As at 30 June 2024, we had a total of approximately 39,372 employees including 1,072 internal employees and approximately 38,300 comprehensive flexible staffing employees.

Other Income

Other income for the six months ended 30 June 2024 amounted to approximately RMB9.6 million, representing a decrease of approximately RMB42.4 million as compared to that of approximately RMB52.0 million for the six months ended 30 June 2023. Other income primarily comprises government grants and income from investment and wealth management. The decrease in other income in the first half of 2024 was primarily attributable to a decrease in government grants of approximately RMB39.6 million.

Other Losses, Net

Other net losses for the six months ended 30 June 2024 were approximately RMB1.7 million, representing a decrease of approximately RMB1.6 million from approximately RMB3.3 million for the six months ended 30 June 2023. The recorded other net losses were mainly due to the losses from changes in fair value of equity investments.

Provision for Net Impairment Losses on Financial Assets

The provision for net impairment losses on financial assets for the six months ended 30 June 2024 amounted to approximately RMB4.8 million, representing an increase from approximately RMB3.3 million for the six months ended 30 June 2023. The Group provided the provision for the impairment based on the expected credit loss model prescribed by HKFRS9. The increase in provision for impairment in the first half of 2024 was mainly due to the higher balance of trade receivables.

Operating Profit

Operating profit of the Group amounted to approximately RMB31.5 million for the six months ended 30 June 2024, representing an increase of approximately 34.5% as compared to that of approximately RMB23.4 million for the six months ended 30 June 2023.

Finance Income

Our finance income for the six months ended 30 June 2024 amounted to approximately RMB2.3 million, remaining substantially the same as approximately RMB2.2 million for the six months ended 30 June 2023. 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 2024 amounted to approximately RMB5.9 million, representing an increase of approximately RMB1.2 million from approximately RMB4.7 million for the six months ended 30 June 2023. This was mainly due to the increase in interest expenses incurred from the increased bank borrowings for further expansion of the Group's digital technology and cloud services business.

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 2024 was approximately RMB1.0 million, while the net loss attributable to the results of joint ventures and associates for the six months ended 30 June 2023 was RMB0.8 million.

Profit before Income Tax

Our profit before income tax for the six months ended 30 June 2024 amounted to approximately RMB26.9 million, representing an increase of approximately 33.9% as compared to that of approximately RMB20.1 million for the six months ended 30 June 2023.

Profit for the Period

Profit for the period for the six months ended 30 June 2024 amounted to approximately RMB20.4 million, representing an increase of 8.2% as compared to that of approximately RMB18.9 million for the six months ended 30 June 2023.

Profit Attributable to the Equity Holders of the Company

The profit attributable to the equity holders of the Company for the six months ended 30 June 2024 was RMB21.9 million, representing an increase of 117.3% as compared to that of approximately RMB10.1 million for the six months ended 30 June 2023.

Non-HKFRS Measures

To supplement our consolidated financial statements which are presented in accordance with the HKFRS, we also presented adjusted profit for the period and adjusted profit 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 non-HKFRS financial measures in each period presented to the financial measures prepared in accordance with HKFRS:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit for the period	20,393	18,851
Share-based payment expenses	3,625	4,231
Amortisation of intangible assets resulting from acquisition	11,690	11,690
Net fair value gains in relation to equity investments	962	3,605
Less: income tax effect on above amortisation	(2,035)	(2,035)
	<hr/>	<hr/>
Adjusted profit for the period	34,635	36,342
	<hr/> <hr/>	<hr/> <hr/>
Profit attributable to the equity holders of the Company	21,853	10,058
Share-based payment expenses	3,625	4,231
Amortisation of intangible assets resulting from acquisition	11,690	11,690
Net fair value gains in relation to equity investments	962	3,605
Less: income tax effect on above amortisation	(2,035)	(2,035)
Less: adjustments attributable to non-controlling interests	(4,941)	(5,110)
	<hr/>	<hr/>
Adjusted profit attributable to the equity holders of the Company	31,154	22,439
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In evaluating the business, the Board considers and uses non-HKFRS financial measures, such as adjusted profit for the period and adjusted profit 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 of operations or financial condition as reported under HKFRS.

Net Current Assets

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Total current assets	1,913,297	1,753,778
Total current liabilities	930,243	768,215
Net current assets	<u>983,054</u>	<u>985,563</u>

Our net current assets as at 30 June 2024 amounted to approximately RMB983.1 million, representing a decrease of approximately RMB2.5 million as compared to approximately RMB985.6 million as at 31 December 2023. This was mainly due to the increase in trade and notes receivables and bank borrowings of the Group as we expand the business scale.

Trade and Notes Receivables

Our trade and notes receivables as at 30 June 2024 increased by approximately RMB232.2 million to approximately RMB1,534.1 million as compared to approximately RMB1,301.9 million as at 31 December 2023. This was mainly due to the facts that (1) the Group's revenue in the first half of 2024 increased by approximately 20.0% year-on-year; and (2) the Group further strengthened efforts to develop digital technology and cloud services business, with its revenue contribution as a percentage of the revenue amounting to approximately 38.2% for the first half of 2024, growing from 35.6% for the first half of 2023.

As at 30 June 2024, the provision for losses on trade receivables was approximately RMB18.0 million, representing an increase of approximately RMB4.1 million as compared to that of approximately RMB13.9 million as at 31 December 2023, mainly due to the increase in trade receivables as at 30 June 2024.

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

	For the six months ended 30 June 2024	For the year ended 31 December 2023
Trade and notes receivables turnover days ⁽¹⁾	104	93
Adjusted trade and notes receivables turnover days ⁽²⁾	98	86

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 2024, our trade and notes receivables turnover days was 104 days, and the adjusted trade and notes receivables turnover days was 98 days, representing an increase as compared to 2023, 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; (ii) the percentage of digital technology and cloud services business has further increased; and (iii) the credit period for Shanghai Sirui is generally within 155 days, resulting in a longer collection period 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

As at 30 June 2024, the prepayments, deposits and other receivables amounted to approximately RMB63.0 million, primarily consisting of rental deposits and prepayments to third-party suppliers, insurance and utilities expenses.

Financial Assets at FVOCI

As at 30 June 2024, the balance of our financial assets at fair value through other comprehensive income amounted to approximately RMB5.0 million, which mainly represented notes receivables from bank arising in ordinary course of business.

Financial Assets at Fair Value through Profit or Loss

As at 30 June 2024, the balance of financial assets at fair value through profit or loss in current assets amounted to approximately RMB33.9 million, which mainly represented investment grade bond funds.

As at 30 June 2024, the balance of financial assets at fair value through profit or loss in non-current assets amounted to approximately RMB21.2 million, which was mainly related to financial equity investment.

Trade and Other Payables

As at 30 June 2024, our trade and other payables amounted to approximately RMB557.9 million, representing an increase of approximately 3.1% as compared to that of approximately RMB541.0 million as at 31 December 2023, which was mainly due to the increase in balance of accrued salaries and benefits of comprehensive flexible staffing services business of the Group.

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 2024, our current income tax liabilities amounted to approximately RMB15.9 million, representing an increase of approximately RMB4.0 million as compared to that of approximately RMB11.9 million as at 31 December 2023.

Borrowings

The borrowings of the Group have increased by approximately 75.6% from approximately RMB184.5 million as at 31 December 2023 to approximately RMB324.0 million as at 30 June 2024, which mainly due to the increased bank borrowings for further expansion of digital technology and cloud services business.

Property, Plant and Equipment

As at 30 June 2024, the carrying value of our property, plant and equipment was approximately RMB37.9 million, comprising right of use assets for office, renovation and office equipment, which represented an increase of approximately RMB6.0 million as compared to that of approximately RMB31.9 million as at 31 December 2023.

Intangible Assets

As at 30 June 2024, the carrying amount of our intangible assets was approximately RMB388.7 million, which was mainly goodwill and customer relationships arising from the acquisition of Shanghai Sirui, Shanghai Lingshi and Lingshi Yuntian, representing a decrease of approximately RMB12.1 million as compared to that of approximately RMB400.8 million as at 31 December 2023.

Investments in Joint Ventures Accounted for Using the Equity Method

As at 30 June 2024, the balance of investments in joint ventures accounted for using the equity method was approximately RMB30.2 million, representing an increase of approximately 6.2% from approximately RMB28.5 million as at 31 December 2023, which was mainly due to the profit growth recorded by Binhai Xunteng and Zhencheng Technology in the first half of 2024.

Investments in Associates Accounted for Using the Equity Method

As at 30 June 2024, the balance of investments in associates accounted for using the equity method amounted to approximately RMB17.7 million, which mainly represented our investments in Renrui New Career and Wanyoumali.

Deferred Income Tax Assets

As at 30 June 2024, the carrying amount of our deferred income tax assets was approximately RMB23.1 million, representing an increase of approximately 35.0% as compared to that of approximately RMB17.1 million as at 31 December 2023, which was mainly 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	
	2024	2023
Revenue growth	20.0%	19.3%
Gross profit margin	9.3%	8.1%
Adjusted net margin (non-HKFRS) ⁽¹⁾	1.4%	1.8%
Adjusted net margin attributable to equity holders of the Company (non-HKFRS) ⁽¹⁾	1.3%	1.1%
	30 June	31 December
	2024	2023
Adjusted current ratio (times) ⁽²⁾	2.0	2.2

Notes:

- (1) Adjusted net margin and adjusted net margin attributable to equity holders of the Company (non-HKFRS) are calculated as the adjusted profit for the period and adjusted profit 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 at the end of the financial year/period. 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 2024, the adjusted current ratio decreased to 2.0 from approximately 2.2 as at 31 December 2023. The Group's short-term solvency remains steady.

Liquidity and Capital Resources

As at 30 June 2024, we had cash and cash equivalents of approximately RMB255.2 million, representing a decrease of approximately RMB29.7 million, as compared to that of approximately RMB284.9 million as at 31 December 2023, which was mainly due to the net effect of (i) the net cash used in the Group's operating activities of approximately RMB171.0 million for further expansion of digital technology and cloud services business; (ii) net cash generated from investing activities of approximately RMB21.3 million; and (iii) net cash generated from financing activities of approximately RMB119.7 million.

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 and corporations to earn higher return compared with those on time deposits issued by banks or licensed financial institutions with a relatively low and controllable risk level.

CASH FLOWS

Net Cash Used in Operating Activities

Net cash used in operating activities for the six months ended 30 June 2024 was approximately RMB171.0 million, representing a decrease of approximately RMB15.0 million as compared to net cash used in operating activities of approximately RMB186.0 million for the six months ended 30 June 2023. The decrease was mainly due to the increased working capital as the Group expanded digital technology and cloud services business.

Net Cash Generated from Investing Activities

Net cash generated from investing activities for the six months ended 30 June 2024 was approximately RMB21.3 million, representing a decrease of approximately RMB20.3 million as compared to net cash generated from investing activities of approximately RMB41.6 million for the six months ended 30 June 2023. The decrease was mainly due to the decrease of redeemed bond funds during the reporting period.

Net Cash Generated from Financing Activities

For the six months ended 30 June 2024, net cash generated from financing activities was approximately RMB119.7 million, representing an increase of approximately RMB95.7 million as compared to the net cash generated from financing activities for the six months ended 30 June 2023 of approximately RMB24.0 million. Such increase was mainly due to increased bank borrowings for working capital requirements.

CAPITAL STRUCTURE

Indebtedness

As at 30 June 2024, we had outstanding borrowings of approximately RMB324.0 million, representing an increase of approximately RMB139.5 million as compared to approximately RMB184.5 million as at 31 December 2023, which was mainly due to the increase in working capital requirements.

As at 30 June 2024, we had unutilised banking facilities of approximately RMB380.8 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 2024, all these covenants had been complied with by the Group.

As at 30 June 2024, our lease liabilities in respect of our leased properties amounted to approximately RMB25.1 million, representing an increase of approximately RMB6.1 million as compared to approximately RMB19.0 million as at 31 December 2023, which was mainly due to increased leased 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.

The following table sets forth our gearing ratio as at the dates indicated:

	As at 30 June 2024 RMB'000 (Unaudited)
Borrowings	323,986
Less: cash and cash equivalents	255,207
Net debt	68,779
Total capital	1,579,076
Gearing ratio	4.4%

As at 31 December 2023, the Group was in a net cash position (i.e. cash and cash equivalents was higher than borrowings), hence it is not meaningful to present the gearing ratio.

CAPITAL EXPENDITURE

For the six months ended 30 June 2024, our capital expenditure amounted to approximately RMB5.8 million, which was mainly used to purchase office equipment and softwares.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at 30 June 2024, 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 2024. For the six months ended 30 June 2024, the Group recorded a net exchange loss of approximately RMB0.2 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 2024, none of the Group's assets was pledged to secure banking facilities granted to the Group (31 December 2023: nil).

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

For the six months ended 30 June 2024, 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 position as a leading comprehensive human resources solutions provider, 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 GLOBAL OFFERING" 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 2024.

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 respectively, in order to better utilize the financial resources of the Group, the Board has reviewed and revised the utilisation plan of the Net Proceeds. For the six months ended 30 June 2024, the Company has utilised the Net Proceeds in accordance with the revised utilisation plan and had utilised Net Proceeds of HK\$34.1 million. Details of the breakdown of the Net Proceeds utilised up to 30 June 2024 and the intended use of the unutilised Net Proceeds after the 2nd 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 2023 after 2nd re-allocation (HK\$ million)	Amount of Net Proceeds utilised during the six months ended 30 June 2024 (HK\$ million)	Balance of Proceeds unutilised as at 30 June 2024 (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	0	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	25.3	4.5	20.8	By 31 December 2024

Intended use of Net Proceeds	Original allocation of Net Proceeds (HK\$ million)	Balance of Net Proceeds unutilised as at 31 December 2023 after 2nd re-allocation (HK\$ million)	Amount of Net Proceeds utilised during the six months ended 30 June 2024 (HK\$ million)	Balance of Proceeds unutilised as at 30 June 2024 (HK\$ million)	Intended timetable for the use of the unutilised Net Proceeds
(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	0	0	0	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	22.0	22.0	0	By 31 December 2024
(v) Further promote our brand and launch marketing and promotion activities	99.2	6.3	2.7	3.6	By 31 December 2024
(vi) Support our global expansion strategy in the next four years	79.4	20.3	4.8	15.5	By 31 December 2024
(vii) Working capital and general corporate purposes	99.2	0	0	0	By 31 December 2023
Total	992.2	73.9	34.1	39.8	

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 2024 with comparative figures for the six months ended 30 June 2023 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	4	2,482,348	2,068,304
Cost of revenue		(2,251,906)	(1,900,792)
Gross profit		230,442	167,512
Selling and marketing expenses		(98,831)	(88,264)
Research and development expenses		(31,508)	(26,216)
Administrative expenses		(71,744)	(74,973)
Provision for net impairment losses on financial assets		(4,765)	(3,325)
Other income	5	9,638	52,012
Other losses, net	6	(1,745)	(3,344)
Operating profit		31,487	23,402
Finance income	7	2,251	2,194
Finance costs	7	(5,905)	(4,702)
Finance costs, net	7	(3,654)	(2,508)
Share of results of joint ventures		1,760	1,373
Share of results of associates		(2,719)	(2,195)
Profit before income tax		26,874	20,072
Income tax expenses	8	(6,481)	(1,221)
Profit for the period		20,393	18,851
Profit/(loss) is attributable to:			
– Equity holders of the Company		21,853	10,058
– Non-controlling interests		(1,460)	8,793
Earnings per share (expressed in RMB per share)			
– Basic earnings per share	9	0.14	0.07
– Diluted earnings per share	9	0.14	0.06

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period	20,393	18,851
Other comprehensive income		
<i>Items that may not be reclassified subsequently to profit or loss:</i>		
Currency translation differences of the Company	6,539	37,792
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences of subsidiaries	(6,067)	(32,621)
Other comprehensive income for the period, net of tax	472	5,171
Total comprehensive income for the period	20,865	24,022
Total comprehensive income/(loss) for the period		
is attributable to:		
– Equity holders of the Company	22,325	15,229
– Non-controlling interests	(1,460)	8,793

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2024

	Note	30 June 2024 RMB'000 <i>(Unaudited)</i>	31 December 2023 RMB'000 <i>(Audited)</i>
ASSETS			
Non-current assets			
Property, plant and equipment		37,913	31,874
Intangible assets	10	388,655	400,756
Investments in joint ventures accounted for using the equity method		30,230	28,470
Investments in associates accounted for using the equity method		17,691	20,410
Financial assets at fair value through profit or loss		21,217	22,183
Derivative financial instruments		2,166	2,162
Other non-current assets		24,170	8,309
Deferred income tax assets		23,106	17,115
Restricted cash		6,000	6,300
Total non-current assets		551,148	537,579
Current assets			
Trade and notes receivables	11	1,534,051	1,301,905
Prepayments, deposits and other receivables		63,002	86,707
Contract fulfilment cost		21,489	18,720
Financial assets at fair value through other comprehensive income		5,018	3,650
Financial assets at fair value through profit or loss		33,911	57,563
Restricted cash		619	356
Cash and cash equivalents		255,207	284,877
Total current assets		1,913,297	1,753,778
Total assets		2,464,445	2,291,357

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 June 2024

	Note	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		53	53
Share premium		2,154,956	2,167,837
Shares held for share-based payment scheme		(100,393)	(94,313)
Other reserves		(31,405)	(35,502)
Accumulated losses		(732,450)	(754,303)
		<u>1,290,761</u>	<u>1,283,772</u>
Non-controlling interests		219,536	220,756
		<u>1,510,297</u>	<u>1,504,528</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		12,332	14,037
Lease liabilities		11,573	4,577
		<u>23,905</u>	<u>18,614</u>
Current liabilities			
Trade and other payables	12	557,866	541,039
Contract liabilities		18,971	16,373
Current income tax liabilities		15,909	11,934
Borrowings		323,986	184,472
Lease liabilities		13,511	14,397
		<u>930,243</u>	<u>768,215</u>
Total current liabilities		930,243	768,215
		<u>954,148</u>	<u>786,829</u>
Total liabilities		954,148	786,829
		<u>2,464,445</u>	<u>2,291,357</u>
Total equity and liabilities		2,464,445	2,291,357

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to equity holders of the Company							Total equity RMB'000
	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	
(Unaudited)								
Balance at 1 January 2024	<u>53</u>	<u>2,167,837</u>	<u>(94,313)</u>	<u>(35,502)</u>	<u>(754,303)</u>	<u>1,283,772</u>	<u>220,756</u>	<u>1,504,528</u>
Comprehensive income								
Profit/(loss) for the period	—	—	—	—	21,853	21,853	(1,460)	20,393
Other comprehensive income								
– Currency translation differences	—	—	—	472	—	472	—	472
Total comprehensive income/(loss)	<u>—</u>	<u>—</u>	<u>—</u>	<u>472</u>	<u>21,853</u>	<u>22,325</u>	<u>(1,460)</u>	<u>20,865</u>
Transactions with equity holders in their capacity as equity holders								
Employees share award scheme:								
– Acquisitions of shares held for share-based payment scheme	—	—	(6,080)	—	—	(6,080)	—	(6,080)
Dividends	—	(12,881)	—	—	—	(12,881)	—	(12,881)
Share-based compensation	—	—	—	3,625	—	3,625	—	3,625
Capital contribution from non-controlling interests	—	—	—	—	—	—	240	240
Total transactions with equity holders in their capacity as equity holders	<u>—</u>	<u>(12,881)</u>	<u>(6,080)</u>	<u>3,625</u>	<u>—</u>	<u>(15,336)</u>	<u>240</u>	<u>(15,096)</u>
Balance at 30 June 2024	<u>53</u>	<u>2,154,956</u>	<u>(100,393)</u>	<u>(31,405)</u>	<u>(732,450)</u>	<u>1,290,761</u>	<u>219,536</u>	<u>1,510,297</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2024

	Attributable to equity holders of the Company							Total equity RMB'000
	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	
<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>
Comprehensive income								
Profit for the period	—	—	—	—	10,058	10,058	8,793	18,851
Other comprehensive income								
– Currency translation differences	—	—	—	5,171	—	5,171	—	5,171
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>
Transactions with equity holders in their capacity as equity holders								
Share-based compensation	—	—	—	4,231	—	4,231	—	4,231
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 CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Cash flows used in operating activities		
Cash used in operations	(160,781)	(176,469)
Income tax paid	(10,203)	(9,566)
Net cash used in operating activities	(170,984)	(186,035)
Cash flows generated from investing activities		
Purchase of property, plant and equipment	(5,252)	(544)
Purchase of intangible assets	(514)	(1,293)
Purchase of financial assets at fair value through profit or loss	(83,000)	(42,400)
Proceeds from disposal of financial assets at fair value through profit or loss	106,457	86,064
Proceeds from disposal of property, plant and equipment	20	221
Investment income from financial assets at fair value through profit or loss	1,319	1,405
Cash paid for investing in an associate	—	(4,000)
Interest received	2,245	2,194
Net cash generated from investing activities	21,275	41,647
Cash flows generated from financing activities		
Capital contribution from non-controlling shareholders of subsidiaries	240	—
Proceeds from bank borrowings	366,267	140,000
Acquisitions of shares held for share-based payment scheme	(6,080)	—
Repayments of bank borrowings	(224,206)	(99,000)
Payment of lease liabilities	(11,482)	(13,427)
Interest paid	(5,072)	(3,620)
Net cash generated from financing activities	119,667	23,953
Net decrease in cash and cash equivalents	(30,042)	(120,435)
Cash and cash equivalents at beginning of the period	284,877	354,436
Effects of exchange rate changes on cash and cash equivalents	372	536
Cash and cash equivalents at end of the period	255,207	234,537

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 21 August 2024.

2 Basis of preparation

The unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2024 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 2023, which have been prepared in accordance with HKFRSs 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 2023, 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 ending 31 December 2024 as described below and disclosed elsewhere in this interim financial information.

(a) New standards, amendments and interpretations of HKFRSs effective for 2024

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing on 1 January 2024

- Classification of Liabilities as Current or Non-current and non-current Liabilities with Covenants – Amendments to HKAS 1
- Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments) - Hong Kong Interpretation 5 (Revised)
- Lease Liability in Sale and Leaseback – Amendments to HKFRS 16
- Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7

The adoption of the above new amendments starting from 1 January 2024 did not give rise to significant impact on the Group's result of operations and financial position for the six months ended 30 June 2024.

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

Certain new accounting standards, amendments and interpretations have been published but are not mandatory for the financial year beginning 1 January 2024 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 2024 was as follows:

	Six months ended 30 June 2024		
	Comprehensive flexible staffing RMB'000 (Unaudited)	Professional recruitment and other HR solutions RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue	<u>2,456,412</u>	<u>25,936</u>	<u>2,482,348</u>
Segment gross profit	<u>218,032</u>	<u>12,410</u>	<u>230,442</u>
Unallocated:			
Selling and marketing expenses			(98,831)
Research and development expenses			(31,508)
Administrative expenses			(71,744)
Other income (Note 5)			9,638
Other losses, net (Note 6)			(1,745)
Provision for net impairment losses on financial assets			(4,765)
Finance costs, net (Note 7)			(3,654)
Share of results of joint ventures accounted for using the equity method			1,760
Share of results of associates accounted for using the equity method			<u>(2,719)</u>
Profit before income tax			26,874
Income tax expenses (Note 8)			<u>(6,481)</u>
Profit for the period			<u><u>20,393</u></u>

The segment information provided to the Group's CODM for the reportable segments for the six months ended 30 June 2023 was as follows:

	Six months ended 30 June 2023		Total RMB'000 (Unaudited)
	Comprehensive flexible staffing RMB'000 (Unaudited)	Professional recruitment and other HR solutions RMB'000 (Unaudited)	
Segment revenue	2,051,202	17,102	2,068,304
Segment gross profit	161,116	6,396	167,512
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			(2,195)
Profit before income tax			20,072
Income tax expenses (Note 8)			(1,221)
Profit for the period			<u>18,851</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:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Comprehensive flexible staffing		
– General services outsourcing	1,375,961	1,193,780
– Digital technology and cloud services	948,192	736,087
– Digital operation and customer services	132,259	121,335
Professional recruitment and other HR solutions	25,936	17,102
	<hr/>	<hr/>
	2,482,348	2,068,304
	<hr/> <hr/>	<hr/> <hr/>

5 Other income

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants	7,886	47,519
Additional deduction of input value-added tax (“VAT”)	500	3,259
Others	1,252	1,234
	<hr/>	<hr/>
	9,638	52,012
	<hr/> <hr/>	<hr/> <hr/>

6 Other losses, net

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Exchange losses - net	(226)	(3,447)
Net fair value gains on derivative financial instruments	4	495
Fair value gains on contingent consideration receivable at FVPL	—	552
Fair value losses from equity investment at FVPL	(966)	(4,652)
Net fair value (losses)/gains on wealth management products purchased from bank at FVPL	(458)	849
Net losses on disposal of property, plant and equipment	(70)	(48)
Investment income on wealth management products at FVPL	1,247	1,304
Others	(1,276)	1,603
	<u>(1,745)</u>	<u>(3,344)</u>

7 Finance income and costs

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Finance income</i>		
Interest income on cash and cash equivalents	<u>2,251</u>	<u>2,194</u>
Finance income	<u>2,251</u>	<u>2,194</u>
<i>Finance costs</i>		
Interest expense		
– lease liabilities	(531)	(1,078)
– borrowings	<u>(5,374)</u>	<u>(3,624)</u>
Finance costs expensed	<u>(5,905)</u>	<u>(4,702)</u>
Finance costs, net	<u><u>(3,654)</u></u>	<u><u>(2,508)</u></u>

8 Income tax expenses

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

No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the six months ended 30 June 2024 and 2023.

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 for the period is as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax	(14,177)	(7,680)
Deferred income tax	7,696	6,459
	<u>(6,481)</u>	<u>(1,221)</u>

9 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit 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	
	2024	2023
	(Unaudited)	(Unaudited)
Profit attributable to the equity holders of the Company (RMB'000)	<u>21,853</u>	<u>10,058</u>
Weighted average number of ordinary shares in issue (thousands)	150,995	153,044
Basic earnings per share attributable to the equity holders of the Company (RMB per share)	<u>0.14</u>	<u>0.07</u>

(b) Diluted earnings per share

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

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

For the six months ended 30 June 2024 and 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 certain share option schemes were not included in the calculation of diluted earnings per share because they were anti-dilutive for respective the period ended 30 June 2024 and 2023, as the average market price of the ordinary share during the six months ended 30 June 2024 and 2023 was lower than the exercise prices of these schemes, respectively. These share options could potentially dilute basic earnings per share in the future.

The diluted earnings per share for the six months ended 30 June 2024 and 2023 was as following:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit attributable to the equity holders of the Company (RMB'000)	21,853	10,058
Weighted average number of ordinary shares in issue (thousands)	150,995	153,044
Adjustments for calculation of diluted earnings per share (thousands):		
– Share options	3,485	3,326
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share (thousands)	154,480	156,370
Diluted earnings per share attributable to the equity holders of the Company (RMB per share)	0.14	0.06

10 Intangible assets

	Software RMB'000	Goodwill RMB'000	Customer relationships RMB'000	Total RMB'000
At 1 January 2024 (Audited)				
Cost	14,780	324,234	116,899	455,913
Impairment loss	—	(16,372)	—	(16,372)
Accumulated amortisation	(4,516)	—	(34,269)	(38,785)
Net book amount	<u>10,264</u>	<u>307,862</u>	<u>82,630</u>	<u>400,756</u>
Six month ended 30 June 2024				
Opening net book amount	10,264	307,862	82,630	400,756
Additions	514	—	—	514
Amortisation charge	(925)	—	(11,690)	(12,615)
Closing net book amount	<u>9,853</u>	<u>307,862</u>	<u>70,940</u>	<u>388,655</u>
At 30 June 2024 (Unaudited)				
Cost	15,294	324,234	116,899	456,427
Impairment loss	—	(16,372)	—	(16,372)
Accumulated amortisation	(5,441)	—	(45,959)	(51,400)
Net book amount	<u>9,853</u>	<u>307,862</u>	<u>70,940</u>	<u>388,655</u>
At 1 January 2023 (Audited)				
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>
Six month ended 30 June 2023				
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>
At 30 June 2023 (Unaudited)				
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 RMB307,862,000 (31 December 2023: RMB307,862,000) has been allocated to the subsidiaries acquired as a whole for impairment testing as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 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 each 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 2024:

	Annual revenue growth rate for the 5-year period (%)	Operating profit rate (%)	Terminal revenue growth rate (%)	Pre-tax discount rate (%)
Lingshi Yuntian and Shanghai Lingshi	10%-19%	7%-8%	2%	22%
Shanghai Sirui	6%-17%	7%-10%	2%	17%

The following table set out the key assumptions for those CGUs that have significant goodwill allocated to them as at 31 December 2023:

	Annual revenue growth rate for the 5-year period (%)	Operating profit rate (%)	Terminal revenue growth rate (%)	Pre-tax discount rate (%)
Lingshi Yuntian and Shanghai Lingshi	10%-19%	7%-8%	2.2%	22%
Shanghai Sirui	9%-19%	7%-9%	2.2%	17%

According to the management's estimation of the recoverable amount of the Lingshi Yuntian and Shanghai Lingshi, and Shanghai Sirui with the assistance of independent valuers as at 30 June 2024, the directors of the Company determined that no impairment provision on goodwill (six months ended 30 June 2023: nil) need be made.

11 Trade and notes receivables

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables	1,544,575	1,305,892
Less: provision for impairment of trade receivables	(17,993)	(13,851)
Trade receivables - net	<u>1,526,582</u>	<u>1,292,041</u>
Notes receivables at amortised cost	7,591	9,895
Less: provision for impairment of notes receivables	(122)	(31)
Notes receivables at amortised cost - net	<u>7,469</u>	<u>9,864</u>
	<u>1,534,051</u>	<u>1,301,905</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 2024 and 31 December 2023.

The Group generally allows a credit period of 10 to 180 days to its customers. Ageing analysis of trade receivables based on recognition date without consideration of respective credit terms before provision for impairment was as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables		
– Within 3 months	1,085,481	1,025,374
– 4 months to 6 months	227,662	202,441
– 7 months to 9 months	158,447	39,420
– 10 months to 12 months	32,231	14,745
– Over 12 months	40,754	23,912
	<u>1,544,575</u>	<u>1,305,892</u>

Impairment and risk exposure

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

12 Trade and other payables

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade payables due to third parties	15,715	19,971
Trade payables due to a joint venture	307	884
Accrued payroll and welfare	418,064	418,096
VAT and surcharges	86,823	78,869
Dividends payables (Note 13)	12,881	—
Risk deposit due to customers	10,470	9,132
Others	13,606	14,087
	<u>557,866</u>	<u>541,039</u>

As at 30 June 2024 and 31 December 2023, 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 2024 and 31 December 2023, the ageing analysis of the trade payables based on invoice date was as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade payables		
– Within 6 months	<u>16,022</u>	<u>20,855</u>

13 Dividends

On 12 June 2024, a final dividend in respect of the year ended 31 December 2023 of HK\$0.09 per ordinary share was approved by the shareholders at the annual general meeting of the Company. The final dividend of approximately HKD14,103,000 (equivalent to approximately RMB12,881,000) was distributed from the share premium account and was paid in July 2024.

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 2024, the Company has complied with all applicable code provisions as set out in Part 2 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 seven 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 2024.

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 2024.

OTHER IMPORTANT EVENTS

On 28 March 2024, the Company granted share options to 24 grantees pursuant to the Post-IPO Share Option Scheme. The granted options shall entitle the grantees to subscribe for a maximum of 3,750,000 Shares, of which options to subscribe for a total of 450,000 Shares were granted to two Directors, and all the remaining 3,300,000 options were granted to 22 employees of the Group. The exercise price of the options granted is HK\$3.79 per share. For further details, please refer to the Company's announcement dated 28 March 2024.

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 2024.

AUDIT COMMITTEE

The Audit Committee comprises three members, including three independent non-executive Directors, namely Mr. Leung Ming Shu, Ms. Chan Mei Bo Mabel and Mr. Shen Hao. 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 2024. 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 2024 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.renuihr.com). The interim report of the Company for the six months ended 30 June 2024 containing all information required by the Listing Rules will be made available 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:

“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;
“CG Code”	Corporate Governance Code set out in Appendix C1 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;
“IT”	information and technology;
“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 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 C3 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;
“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 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;
“Wanyoumali”	Zhejiang Wanyoumali Network Technology Co., Ltd.* (浙江萬有碼力網絡科技有限公司), which was previously known as 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, 21 August 2024

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