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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 2021

#### SUMMARY OF INTERIM RESULTS

<b>RESULTS</b>	<b>Six months ended 30 June</b>		<b>Change</b>
	<b>2021</b>	<b>2020</b>	
	<b>RMB'000</b>	<b>RMB'000</b>	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	
Revenue	<b>2,128,315</b>	1,195,572	<b>78.0%</b>
Operating profit	<b>84,807</b>	52,586	<b>61.3%</b>
Profit for the period	<b>74,654</b>	53,019	<b>40.8%</b>
Net cash (used in)/generated from operating activities	<b>(63,364)</b>	18,350	<b>N/A</b>
<b>NON-HKFRS MEASURES</b>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	
	<i>(Adjusted)</i>		
Adjusted net profit/net profit <sup>(1)</sup>	<b>81,005</b>	53,019	<b>52.8%</b>
Adjusted net margin/net profit margin (%) <sup>(2)</sup>	<b>3.8</b>	4.4	<b>-0.6</b>
	<b>As at 30 June</b>		<b>Change</b>
	<b>2021</b>	<b>2020</b>	
Number of comprehensive flexible staffing employees <sup>(3)</sup>	<b>45,244</b>	30,397	<b>48.8%</b>
<i>Notes:</i>			
(1) Adjusted net profit refers to the net profit for the six months ended 30 June 2021 excluding share-based payment expenses under the post-IPO share option scheme (the “ <b>Post-IPO Share Option Scheme</b> ”) and post-IPO share award scheme (“ <b>Post-IPO Share Award Scheme</b> ”) of Renrui Human Resources Technology Holdings Limited (the “ <b>Company</b> ”, together with its subsidiaries, the “ <b>Group</b> ”). Adjusted net profit for the six months ended 30 June 2021 is not a measure required by or presented in accordance with Hong Kong Financial Reporting Standards (“ <b>HKFRS</b> ”). The use of this non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results or operations or financial condition as reported under HKFRS.			
(2) Adjusted net margin is calculated as the adjusted net profit as a percentage of the revenue for the six months ended 30 June 2021.			
(3) For the six months ended 30 June 2021, the Group has combined two previously disclosed business segments, namely, flexible staffing and business process outsourcing (“ <b>BPO</b> ”). For the reason of such combination, please refer to the paragraph headed “ <b>MANAGEMENT DISCUSSION AND ANALYSIS - Business Integration and Upgrade</b> ” in this announcement.			

The board (the “**Board**”) of directors (the “**Directors**”) of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2021.

## INTERIM RESULTS

The Board is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021 with comparative figures for the six months ended 30 June 2020 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

*For the six months ended 30 June 2021*

	Note	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	4	2,128,315	1,195,572
Cost of revenue		(1,971,904)	(1,095,862)
<b>Gross profit</b>		<b>156,411</b>	99,710
Selling and marketing expenses		(39,981)	(18,625)
Research and development (“ <b>R&amp;D</b> ”) expenses		(7,243)	(5,928)
Administrative expenses		(47,218)	(33,794)
Reversal of/(provision for) net impairment losses on financial assets		2,776	(7,023)
Other income	5	18,051	9,531
Other gains, net	6	2,011	8,715
<b>Operating profit</b>		<b>84,807</b>	52,586
Finance income	7	4,293	8,807
Finance costs	7	(2,315)	(1,108)
Finance income, net	7	1,978	7,699
Share of results of joint ventures		323	—
<b>Profit before income tax</b>		<b>87,108</b>	60,285
Income tax expense	8	(12,454)	(7,266)
<b>Profit for the period</b>		<b>74,654</b>	53,019
<b>Profit/(loss) is attributable to:</b>			
– Equity holders of the Company		74,884	53,019
– Non-controlling interests		(230)	—
<b>Earnings per share</b> (expressed in RMB per share)			
– Basic earnings per share	9	0.49	0.35
– Diluted earnings per share	9	0.45	0.31

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	<b>74,654</b>	53,019
<b>Other comprehensive loss</b>		
<i>Items that may not be reclassified subsequently to profit or loss:</i>		
Currency translation differences of the Company	(10,659)	—
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences of subsidiaries	5,355	(1,921)
Changes in the fair value of financial assets at fair value through other comprehensive income	547	74
<b>Other comprehensive loss for the period, net of tax</b>	<b>(4,757)</b>	(1,847)
<b>Total comprehensive income for the period</b>	<b>69,897</b>	51,172
<b>Total comprehensive income for the period attributable to:</b>		
– Equity holders of the Company	70,127	51,172
– Non-controlling interests	(230)	—

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2021

	Note	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		115,146	73,936
Intangible assets		5,727	3,144
Investments in joint ventures		20,006	19,683
Derivative financial instruments		2,307	2,580
Other non-current assets	10	23,595	7,043
Deferred income tax assets		16,799	12,678
Restricted cash	10	6,000	6,050
<b>Total non-current assets</b>		<b>189,580</b>	<b>125,114</b>
<b>Current assets</b>			
Trade and notes receivables	11	575,391	477,895
Prepayments, deposits and other receivables		28,240	12,046
Financial assets at fair value through other comprehensive income	10	39,041	185,827
Restricted cash	10	250	1,815
Cash and cash equivalents	10	999,870	967,225
<b>Total current assets</b>		<b>1,642,792</b>	<b>1,644,808</b>
<b>Total assets</b>		<b>1,832,372</b>	<b>1,769,922</b>

## CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 June 2021

	Note	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		53	53
Share premium		2,197,827	2,252,478
Shares held for share-based payment scheme		(87,887)	(66,609)
Other reserves		(60,250)	(62,048)
Accumulated losses		(814,828)	(889,712)
		<u>1,234,915</u>	<u>1,234,162</u>
<b>Non-controlling interests</b>		<b>1,671</b>	<b>1,901</b>
		<u>1,236,586</u>	<u>1,236,063</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		60,244	40,785
		<u>60,244</u>	<u>40,785</u>
<b>Total non-current liabilities</b>			
		<u>60,244</u>	<u>40,785</u>
<b>Current liabilities</b>			
Trade and other payables	12	472,394	433,212
Contract liabilities		19,252	18,848
Current income tax liabilities		16,255	23,235
Lease liabilities		27,641	17,779
		<u>535,542</u>	<u>493,074</u>
<b>Total current liabilities</b>		<b>535,542</b>	<b>493,074</b>
		<u>595,786</u>	<u>533,859</u>
<b>Total liabilities</b>		<b>595,786</b>	<b>533,859</b>
		<u>1,832,372</u>	<u>1,769,922</u>
<b>Total equity and liabilities</b>		<b>1,832,372</b>	<b>1,769,922</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

		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
<b>(Unaudited)</b>									
<b>Balance at 1 January 2020</b>		51	2,170,559	—	(30,911)	(1,072,328)	1,067,371	—	1,067,371
<b>Comprehensive income</b>									
Profit for the period		—	—	—	—	53,019	53,019	—	53,019
Other comprehensive loss									
– Currency translation differences		—	—	—	(1,921)	—	(1,921)	—	(1,921)
– Changes in the fair value of financial assets at fair value through other comprehensive income		—	—	—	74	—	74	—	74
<b>Total comprehensive income</b>		—	—	—	(1,847)	53,019	51,172	—	51,172
<b>Transactions with equity holders in their capacity as equity holders</b>									
Share-based compensation		—	—	—	804	—	804	—	804
Issue of ordinary shares in connection with the listing, net of listing expenses		1	71,695	—	—	—	71,696	—	71,696
<b>Total transactions with equity holders in their capacity as equity holders</b>		1	71,695	—	804	—	72,500	—	72,500
<b>Balance at 30 June 2020</b>		52	2,242,254	—	(31,954)	(1,019,309)	1,191,043	—	1,191,043
<b>(Unaudited)</b>									
<b>Balance at 1 January 2021</b>		53	2,252,478	(66,609)	(62,048)	(889,712)	1,234,162	1,901	1,236,063
<b>Comprehensive income</b>									
Profit for the period		—	—	—	—	74,884	74,884	(230)	74,654
Other comprehensive loss									
– Currency translation differences		—	—	—	(5,304)	—	(5,304)	—	(5,304)
– Changes in the fair value of financial assets at fair value through other comprehensive income		—	—	—	547	—	547	—	547
<b>Total comprehensive income</b>		—	—	—	(4,757)	74,884	70,127	(230)	69,897
<b>Transactions with equity holders in their capacity as equity holders</b>									
Share-based compensation		—	—	—	6,555	—	6,555	—	6,555
Exercise of share options		—	57	—	—	—	57	—	57
Dividends declared	13	—	(54,708)	—	—	—	(54,708)	—	(54,708)
Acquisitions of shares held for share-based payment scheme		—	—	(21,278)	—	—	(21,278)	—	(21,278)
<b>Total transactions with equity holders in their capacity as equity holders</b>		—	(54,651)	(21,278)	6,555	—	(69,374)	—	(69,374)
<b>Balance at 30 June 2021</b>		53	2,197,827	(87,887)	(60,250)	(814,828)	1,234,915	1,671	1,236,586

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended 30 June 2021*

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Cash flows (used in)/from operating activities</b>		
Cash (used in)/generated from operations	(39,809)	22,820
Income tax paid	(23,555)	(4,470)
	<b>(63,364)</b>	18,350
<b>Cash flows from/(used in) investing activities</b>		
Purchase of property, plant and equipment	(14,368)	(2,565)
Purchase of financial assets at fair value through profit or loss	(227,264)	(1,570,022)
Purchase of financial assets at fair value through other comprehensive income	(197,910)	(94,317)
Purchase of intangible assets	(2,745)	(47)
Proceeds from disposal of property, plant and equipment	12	51
Proceeds from disposal of financial assets at fair value through profit or loss	228,725	1,490,874
Proceeds from disposal of financial assets at fair value through other comprehensive income	346,070	27,670
Interest received from cash and cash equivalents	3,923	7,622
	<b>136,443</b>	(140,734)
<b>Cash flows (used in)/from financing activities</b>		
Proceeds from issue of ordinary shares upon listing	—	74,482
Proceeds from exercise of share options	57	—
Acquisition of shares held for share-based payment scheme	(21,278)	—
Payment of lease liabilities	(17,573)	(10,781)
Listing expenses paid	—	(11,714)
	<b>(38,794)</b>	51,987
<b>Net increase/(decrease) in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of the period	967,225	1,029,456
Effects of exchange rate changes on cash and cash equivalents	(1,640)	623
	<b>999,870</b>	959,682
<b>Cash and cash equivalents at end of the period</b>	<b>999,870</b>	959,682

## 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 at P.O. Box 309, Uglan 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.

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 31 August 2021.

### 2 Basis of preparation

The unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2021 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 2020, 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 2020, 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 2021 as described below.

#### (a) New standards, amendments and interpretations of HKFRSs effective for 2021

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

- Amendment to HKFRS 16 - COVID-19-related rent concessions beyond 30 June 2021
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 - Interest Rate Benchmark Reform - Phase 2

The adoption of the above new amendments starting from 1 January 2021 did not give rise to significant impact on the Group's result of operations and financial position for the six months ended 30 June 2021.

#### (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 2021 and have not been early adopted by the Group. These new accounting standards, amendments and interpretations are not expected to have a material impact on the Group's financial statements when they become effective.

## 4 Segment information and revenue

### (a) Description of segments and principal activities

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

In prior years, the original business analysis of the Group was mainly divided into four business segments, namely the flexible staffing segment, professional recruitment segment, BPO segment and other HR solutions segment.

For the six months ended 30 June 2021, the Group integrated the flexible staffing segment and the BPO segment into the comprehensive flexible staffing segment, as a result of change in the structure of the Group's internal organisation to align with the development of its business strategy. The executive directors consider it more informative and reflective of underlying business realities to examine the business performance of the Group according to the following operating segments:

#### *Comprehensive flexible staffing*

The comprehensive flexible staffing segment offers workers upon customers' needs or performing certain business function outsourced by customers to the Group. The Group is responsible for recruiting and managing workers contracted with the Group to satisfy customers' related service needs at various business development stages.

#### *Professional recruitment*

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

#### *Other HR solutions*

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

The comparative information for the six months ended 30 June 2020 was restated.

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 2021 was as follows:

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

The segment information provided to the Group's CODM for the reportable segments for the six months ended 30 June 2020 was as follows:

	Six months ended 30 June 2020			Total RMB'000 (Unaudited)
	Comprehensive flexible staffing RMB'000 (Unaudited)	Professional recruitment RMB'000 (Unaudited)	Other HR solutions RMB'000 (Unaudited)	
Segment revenue	1,165,190	19,084	11,298	1,195,572
Segment gross profit	86,625	3,840	9,245	99,710
Unallocated:				
Selling and marketing expenses				(18,625)
Research and development expenses				(5,928)
Administrative expenses				(33,794)
Other income (Note 5)				9,531
Other gains, net (Note 6)				8,715
Net impairment losses on financial assets				(7,023)
Finance income, net (Note 7)				7,699
Profit before income tax				60,285
Income tax expense (Note 8)				(7,266)
Profit for the period				<u>53,019</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**

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

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Comprehensive flexible staffing	<b>2,069,867</b>	1,165,190
Professional recruitment		
– Recruitment	<b>47,168</b>	18,068
– Paid membership	<b>828</b>	1,016
Other HR solutions		
– Corporate training	<b>959</b>	612
– Labour dispatch	<b>2,551</b>	2,457
– Other miscellaneous services*	<b>6,942</b>	8,229
	<b>2,128,315</b>	<b>1,195,572</b>

\* For the six months ended 30 June 2021, other miscellaneous services mainly included tailored employee management solutions to the customers, which was recognised over time as the customers simultaneously received and consumed the benefits provided by the Group's performance.

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

<b>Six months ended 30 June 2021</b>	<b>Comprehensive flexible staffing RMB'000 (Unaudited)</b>	<b>Professional recruitment RMB'000 (Unaudited)</b>	<b>Other HR solutions RMB'000 (Unaudited)</b>	<b>Total RMB'000 (Unaudited)</b>
Timing of revenue recognition				
At a point in time	—	<b>47,168</b>	<b>959</b>	<b>48,127</b>
Over time	<b>2,069,867</b>	<b>828</b>	<b>9,493</b>	<b>2,080,188</b>
	<b>2,069,867</b>	<b>47,996</b>	<b>10,452</b>	<b>2,128,315</b>
<b>Six months ended 30 June 2020</b>	<b>Comprehensive flexible staffing RMB'000 (Unaudited)</b>	<b>Professional recruitment RMB'000 (Unaudited)</b>	<b>Other HR solutions RMB'000 (Unaudited)</b>	<b>Total RMB'000 (Unaudited)</b>
Timing of revenue recognition				
At a point in time	—	18,511	612	19,123
Over time	1,165,190	573	10,686	1,176,449
	<b>1,165,190</b>	<b>19,084</b>	<b>11,298</b>	<b>1,195,572</b>

## 5 Other income

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants	12,448	7,161
Additional deduction of input value-added tax ("VAT")	3,507	1,959
Interest from financial assets at FVOCI (Note 10)	2,074	—
Others	22	411
	<u>18,051</u>	<u>9,531</u>

## 6 Other gains, net

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net gains/(losses) on disposal of property, plant and equipment	11	(56)
Exchange gains - net	697	9,906
Gains on early termination of lease contracts	88	69
Donation expenditure	—	(1,055)
Net gains on financial products at FVPL	1,467	—
Fair value loss on derivative financial instruments	(273)	—
Others	21	(149)
	<u>2,011</u>	<u>8,715</u>

## 7 Finance income and costs

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Finance income</i>		
Interest income on cash and cash equivalents	4,293	8,807
<b>Finance income</b>	<b>4,293</b>	<b>8,807</b>
<i>Finance costs</i>		
Interest expense		
- lease liabilities	(2,315)	(1,108)
<b>Finance costs expensed</b>	<b>(2,315)</b>	<b>(1,108)</b>
<b>Finance income, net</b>	<b>1,978</b>	<b>7,699</b>

## 8 Income tax expense

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 2021 and 2020.

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

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax	(16,575)	(7,572)
Deferred income tax	4,121	306
	<b>(12,454)</b>	<b>(7,266)</b>

## 9 Earnings per share

### (a) Basic earnings per share

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

	Six months ended 30 June	
	2021 <i>(Unaudited)</i>	2020 <i>(Unaudited)</i>
Profit attributable to the equity holders of the Company (RMB'000)	<u>74,884</u>	<u>53,019</u>
Weighted average number of ordinary shares in issue (thousands)	<u>152,881</u>	<u>153,635</u>
Basic earnings per share attributable to the ordinary equity holders of the Company (RMB per share)	<u>0.49</u>	<u>0.35</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 2021, share options granted to employees were assumed to be potential ordinary shares and have been considered in the determination of diluted earnings per share, among which 390,000 share options granted on 29 October 2020 and 2,560,000 share options granted on 22 January 2021 were not included in the calculation of diluted earnings per share because they were anti-dilutive for the six months ended 30 June 2021. These share options could potentially dilute basic earnings per share in the future.



The diluted earnings per share for the six months ended 30 June 2021 and 2020 was as following:

	<b>Six months ended 30 June</b>	
	<b>2021</b> <i>(Unaudited)</i>	2020 <i>(Unaudited)</i>
Profit attributable to the equity holders of the Company (RMB'000)	<u><b>74,884</b></u>	<u>53,019</u>
Weighted average number of ordinary shares in issue (thousands)	<b>152,881</b>	153,635
Adjustments for calculation of diluted earnings per share (thousands):		
- Share options	<u><b>14,804</b></u>	<u>19,244</u>
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share (thousands)	<u><b>167,685</b></u>	<u>172,859</u>
Diluted earnings per share attributable to the ordinary equity holders of the Company (RMB per share)	<u><b>0.45</b></u>	<u>0.31</u>

## 10 Financial instruments by category

The Group held the following financial instruments:

### Financial assets

	Note	As at <b>30 June</b> <b>2021</b> <b>RMB'000</b> <i>(Unaudited)</i>	As at 31 December 2020 RMB'000 <i>(Audited)</i>
<i>Financial assets at amortised cost</i>			
Trade and notes receivables	11	<b>575,391</b>	477,895
Deposits and other receivables		<b>8,440</b>	1,731
Other non-current assets (i)		<b>23,595</b>	7,043
Restricted cash		<b>6,250</b>	7,865
Cash and cash equivalents		<b>999,870</b>	967,225
<i>Financial assets at fair value through other comprehensive income</i>			
Wealth management products purchased from banks (ii)		<b>39,041</b>	185,827
<i>Financial assets at fair value through profit or loss</i>			
Derivative financial instruments		<u><b>2,307</b></u>	<u>2,580</u>
		<u><b>1,654,894</b></u>	<u>1,650,166</u>

## Financial liabilities

	Note	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
<i>Financial liabilities at amortised cost</i>			
Trade and other payables (excluding accrued payroll and welfare, VAT and surcharges and dividends payable)	12	51,275	50,632
Lease liabilities		87,885	58,564
		<u>139,160</u>	<u>109,196</u>

- (i) Other non-current assets mainly included loans to employees and deposits paid for lease contracts that would be repaid at the end of the relevant leasing periods.
- (ii) As at 30 June 2021, the Group held certain wealth management products purchased from banks of approximately RMB 39,041,000 (31 December 2020: RMB185,827,000), which will be due within one year. For the six months ended 30 June 2021, interest income with an amount of approximately RMB2,074,000 recognised in profit or loss as part of other income (Note 5), and fair value losses with an amount of approximately RMB 57,000 (six months ended 30 June 2020: fair value gains with an amount of approximately RMB 74,000) were recognised through other comprehensive income.

## 11 Trade and notes receivables

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Trade receivables	580,895	477,829
Less: provision for impairment of trade receivables	(5,504)	(8,952)
Trade receivables - net	575,391	468,877
Notes receivables	—	9,018
	<u>575,391</u>	<u>477,895</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 2021 and 31 December 2020.

The Group generally allows a credit period of 10 to 70 days to its customers. Ageing analysis of trade receivables based on recognition date before provision for impairment was as follows:

	<b>As at 30 June 2021 RMB'000 (Unaudited)</b>	As at 31 December 2020 RMB'000 (Audited)
Trade receivables		
– within 3 months	<b>564,396</b>	471,980
– 4 months to 6 months	<b>10,765</b>	1,359
– 7 months to 9 months	<b>1,496</b>	318
– 10 months to 12 months	<b>122</b>	115
– Over 12 months	<b>4,116</b>	4,057
	<b>580,895</b>	477,829

#### 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

	<b>As at 30 June 2021 RMB'000 (Unaudited)</b>	As at 31 December 2020 RMB'000 (Audited)
Trade payables due to third parties	<b>19,381</b>	18,350
Trade payables due to joint venture	<b>1,160</b>	1,913
Accrued payroll and welfare	<b>316,832</b>	341,621
Dividends payable	<b>54,708</b>	—
VAT and surcharges	<b>49,579</b>	40,959
Risk deposit due to customers	<b>8,897</b>	12,687
Others	<b>21,837</b>	17,682
	<b>472,394</b>	433,212

As at 30 June 2021 and 31 December 2020, all trade and other payables of the Group were unsecured and non-interest bearing. The fair value of trade and other payables, except for accrued payroll and welfare, VAT and surcharges and dividends payable, which were not financial liabilities, approximated their carrying amounts due to short maturities.

As at 30 June 2021 and 31 December 2020, the ageing analysis of the trade payables based on invoice date was as follows:

	<b>As at 30 June 2021 RMB'000 (Unaudited)</b>	As at 31 December 2020 RMB'000 (Audited)
Trade payables		
– Within 6 months	<b>20,404</b>	18,040
– 7 months to 12 months	<b>137</b>	433
– Over 12 months	<b>—</b>	1,790
	<b>20,541</b>	20,263

### 13 Dividends

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

As at 10 June 2021, the proposal of a final dividend for the year ended 31 December 2020 of HK\$0.42 per ordinary share was approved by the shareholders at the annual general meeting of the Company. The final dividend of approximately HK\$65,748,000 (equivalent to approximately RMB54,708,000) was distributed from the share premium account and reflected as a dividend payable in this unaudited condensed consolidated interim financial information. In July 2021, all dividends were paid subsequently.

No dividends were paid or declared by the Company during six months ended 30 June 2020.

### 14 Events occurring after the reporting period

In July 2021, the Company granted share options to forty-two eligible grantees under the post-IPO share option scheme adopted on 26 November 2019, which entitled the grantees to subscribe for a maximum of 1,830,000 shares under the post-IPO share option scheme. These share options will vest in tranches on the condition that the grantees remain in service without any performance requirements. The exercise price of these share options is HK\$10.668 per share.

## MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis also 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.

### Market Review

According to the preliminary calculation of the gross domestic product (the “GDP”) for the first half of 2021 published by the National Bureau of Statistics on 16 July 2021, the GDP of the People’s Republic of China (the “PRC”) for the period from January 2021 to June 2021 increased by approximately 12.7% on an year-on-year basis. The demand-to-supply ratio for talents in the public labour market of the PRC, announced by the Ministry of Human Resources and Social Security on 6 August 2021, reached 1.58 in the second quarter of 2021, representing an increase of 0.06 from 1.52 in the fourth quarter of 2020. The annual growth rate of the HR services market in the PRC in the first half of 2021 in terms of revenue was approximately 20.6%, of which the annual growth rate of the flexible staffing services market in terms of revenue was approximately 24.5%, and the number of flexible staffing employees as at 30 June 2021 increased by approximately 14.7% as compared to the last corresponding period.

### Business Review

For the six months ended 30 June 2021, the revenue of the Group amounted to approximately RMB2,128.3 million, representing an increase of approximately 78.0% as compared to that for the six months ended 30 June 2020. Pursuant to “The Notification of the Ministry of Human Resources and Social Security, the Ministry of Finance and the State Taxation Administration about the Temporary Reduction and Exemption of Social Insurance Premiums Payable by Enterprises (No. 11 [2020] of the Ministry of Human Resources and Social Security)” issued on 20 February 2020 and “The Guidance Opinions of National Healthcare Security Administration, Ministry of Finance and the State Taxation Administration about the Temporary Reduction of Basic Medical Insurance Premiums Payable by Employees (No. 6 [2020] National Healthcare Security Administration)” issued on 21 February 2020, each member of the Group was entitled to social insurance premium exemption amounted to approximately RMB109.2 million for the period from February 2020 to June 2020. Further, in line with our principle of going through difficult times with our clients, we had waived part of our flexible staffing service fees payable by our clients in the first half of 2020. Without this business arrangement in the first half of 2020, the revenue for the first half of 2021 would have increased by approximately 63.1% as compared to the same period in 2020.

## ***Business Integration and Upgrade***

In order to maximise the value that can be generated by our services provided to our customers and enhance customer loyalty, the Group has adjusted its internal organisation and structure to align with the strategies of its business development to focus on providing customers with comprehensive flexible staffing services, and hence we combined two previously disclosed business segments, namely, flexible staffing and BPO, into comprehensive flexible staffing. Our executive Directors considered it would be more informative and meaningful to review the business performance of the Group according to such new categorisation of business segments. The integration and upgrade of these services will further enhance the value of our services provided to our clients, satisfy the demands of our clients for staffing services at various business development stages and as such, we will become a close partner of our clients providing one-stop human resources (“**HR**”) services to them throughout their entire enterprise life cycle. Under the rapid business development of our clients, they are able to cope with the rapid growth in demand for personnel along with the business expansion by adopting a flexible staffing services model. A flexible staffing services model can also be used to adapt to the fluctuations in demand for staffing due to the business fluctuations of our clients when their businesses are growing rapidly. When the business development of our clients becomes stable, their turnover rate will also decrease as they no longer need to recruit a large number of employees. When business development of our clients has reached a mature stage, our clients can then opt for a BPO service model for their daily operations by outsourcing the entire business to us. The operating cost of our clients will further decrease as the business will be operated in cities with lower cost incurred. In addition, the positions for comprehensive flexible staffing services are not limited to customer service centre and information verification personnel, but will also be extended to information technology (“**IT**”) personnel, banking financial institution service personnel, high-end manufacturing or other staff in other occupation according to the staffing needs of our customers.

At the same time, we will focus on the development of our HR technological services. Leveraging on our extensive experience in providing HR management services to clients, we launched a new product of HR SaaS (Software as a Service) in July 2021. We also plan to upgrade the Xiang Recruitment Platform (香聘) in the second half of 2021 to create a professional ecological chain for more job applicants and establish our technological and competitive barriers.

The Group's revenue and operating results by business segments after our business upgrade for the six months ended 30 June 2021 are as follows:

	For the six months ended 30 June			
	2021		2020	
	Revenue RMB' 000 ( <i>unaudited</i> )	% to total revenue	Revenue RMB' 000 ( <i>unaudited</i> )	% to total revenue
Comprehensive flexible staffing	<b>2,069,867</b>	<b>97.3</b>	1,165,190	97.4
Professional recruitment				
• Recruitment	<b>47,168</b>	<b>2.2</b>	18,068	1.5
• Paid membership	<b>828</b>	<b>0.0</b>	1,016	0.1
Other HR solutions				
• Corporate training	<b>959</b>	<b>0.1</b>	612	0.1
• Labour dispatch	<b>2,551</b>	<b>0.1</b>	2,457	0.2
• Other miscellaneous services	<b>6,942</b>	<b>0.3</b>	8,229	0.7
<b>Total</b>	<b><u>2,128,315</u></b>	<b><u>100.0</u></b>	<b><u>1,195,572</u></b>	<b><u>100.0</u></b>

The new categorisation of the Group's revenue and operating results as presented above reflects our business segments after the abovementioned integration and upgrade, and the categorisation of Group's revenue and operating results for the first half of 2020 were adjusted accordingly.

We have been adhering to our strategy to focus on serving our major clients. For the six months ended 30 June 2021, the revenue generated from our five largest clients amounted to approximately RMB1,261.9 million, accounting for approximately 59.3% of our total revenue for the six months ended 30 June 2021, of which the largest client contributed approximately 42.9% to our total revenue for the six months ended 30 June 2021. In the first half of 2021, approximately 94.6% of our total revenue was generated from our recurring clients.

### ***Comprehensive Flexible Staffing Services***

The revenue generated from comprehensive flexible staffing services for the six months ended 30 June 2021 amounted to approximately RMB2,069.9 million, representing an increase of approximately 77.6% as compared to that of approximately RMB1,165.2 million for the six months ended 30 June 2020. In addition, in line with our principle of going through difficult times resulting from the outbreak of the coronavirus pandemic (“**COVID-19**”) with our clients, we have waived part of our comprehensive flexible staffing service fees payable by our clients in the first half of 2020. Without this business arrangement in the first half of 2020, revenue generated from comprehensive flexible staffing services for the first half of 2021 would have increased by approximately 62.4% as compared to the last corresponding period. The number of comprehensive flexible staffing employees increased from 30,397 (among which 28,257 are flexible staffing employees and 2,140 are BPO employees) as at 30 June 2020 to 45,244 (among which 40,989 are flexible staffing employees and 4,255 are BPO employees) as at 30 June 2021, representing an increase of approximately 48.8%. We recruited 30,584 comprehensive flexible staffing employees in the first half of 2021, representing an increase of 14,798 comprehensive flexible staffing employees, or an increase of approximately 93.7%, as compared to 15,786 comprehensive flexible staffing employees in the first half of 2020.

The significant increase in revenue from the comprehensive flexible staffing services was mainly attributable to the following factors:

- (i) the number of the Group’s comprehensive flexible staffing employees maintained a monthly increase of more than 1,200 from March 2021 to June 2021 and achieved the highest increase in March 2021 by achieving an increase of 2,249 comprehensive flexible staffing employees; and
- (ii) in the first half of 2021, we built four comprehensive flexible staffing service centers in Xi’an, Panjin, Foshan and Jinniu District, Chengdu on top of the existing comprehensive flexible staffing service centers in Yingkou, Shangrao, Changsha, Tai’an and Chengdu High-tech Zone. There was improvement in the management of the centres in Chengdu High-tech Zone and Tai’an (the construction of which was completed last year) in the first half of 2021. Among them, the Tai’an comprehensive flexible staffing service centre, which was set up under the “Business Partnership Program” adopted for the first time on 28 May 2020, has maintained a steady development since its completion in November 2020, with the number of contract employees at the service center exceeding 850 as at 31 July 2021. Further, the service centers located in Xi’an and Chengdu High-tech Zone provided comprehensive flexible staffing services for the customer service positions of several business lines of a well-known domestic internet e-commerce group for the first time.



## ***Professional Recruitment***

For the six months ended 30 June 2021, the revenue generated from professional recruitment amounted to approximately RMB48.0 million, representing an increase of approximately 151.3% as compared to that of approximately RMB19.1 million for the six months ended 30 June 2020. Among which, the revenue generated from recruitment amounted to that of approximately RMB47.2 million, representing an increase of approximately 160.8% as compared to that of approximately RMB18.1 million for the six months ended 30 June 2020. During the six months ended 30 June 2021, we recruited 22,018 employees for our clients, representing an increase of approximately 152.7% as compared to that of approximately 8,713 employees recruited during the six months ended 30 June 2020. This was mainly because (i) in the first half of 2020, due to the impact of the COVID-19, clients reduced their recruitment needs. The impact of the COVID-19 has been cast out in the first half of 2021, and the development of professional recruitment business has resumed to normal; (ii) we have made use of the robotic process automation technology and added a smart candidate-position matching function on the Xiang Recruitment Platform, which has greatly improved the recruitment efficiency of project managers; (iii) in the second half of 2020, we gradually expanded the scale of our recruitment team and helped newly joined project managers improve their recruitment skills significantly through the “Wave Training Project” (後浪培訓計劃), resulting in our project managers possessing stronger recruitment capability. Hence, we were able to satisfy the increase in recruitment demand from clients in the first half of 2021, thereby achieving a growth in both the number of successful recruitments and revenue generated from this business segment; and (iv) we focused on the recruitment for positions with high-value and high unit price, and the average unit price of our recruitment services has increased from approximately RMB2,073.7 per person in the first half of 2020 to approximately RMB2,142.2 per person in the first half of 2021. While we increased our unit rate in professional recruitment, we have also gradually improved the matching accuracy of candidates with clients’ positions through the smart candidate-position matching function on the Xiang Recruitment Platform and hence our competitiveness has been enhanced. We plan to establish a recruitment and delivery center to gradually centralise the management of project managers in various offices to further improve our recruitment efficiency.

With the improvement of our integrated HR ecosystem on recruitment efficiency, the conversion rate from granting an offer to a candidate to his/her on-boarding was approximately 58.3% in the first half of 2021, representing a slight increase as compared to that of approximately 54.9% in the first half of 2020. The increase in such conversion rate was due to our more mature operational skills for the job applicants community and the more precise matching between candidates and positions through the Xiang Recruitment Platform. Following the outbreak of COVID-19 in 2020, we have commenced our online recruitment activities, and our recruitment project managers have collected information of various candidates through our WeCom community and identified and labelled candidates’ preference in various job positions by communicating with them through WeCom. Our Xiang Recruitment Platform will then automatically recommend suitable positions to the candidates based on their labels, and directly invite them to the clients’ workspaces for interviews. In the first half of 2021, about 21,600 recruitment events were held to invite candidates to the clients’ workspaces for interviews.

## ***Other HR Solutions***

### *Corporate Training*

We provide training and development courses which are tailored to the specific situations and needs of our clients. For the six months ended 30 June 2021, the total revenue generated from corporate training amounted to approximately RMB1.0 million, representing an increase of approximately 66.7% as compared to that of approximately RMB0.6 million for the six months ended 30 June 2020. For the six months ended 30 June 2021, we provided 32 training courses to over 18 clients, of which approximately 17 clients have also engaged us for our comprehensive flexible staffing or professional recruitment services.

### *Labour Dispatch Services*

Different from comprehensive flexible staffing services where the labour contract arrangement and labour relations are between us and the contract employee, our labour dispatch services involve a tripartite legal relationship among the contract employees, our clients and us, in which the client has a legal relationship with the contract employees while we only charge a lower service fee for administrative matters. Comparing to comprehensive flexible staffing services, labour dispatch services are of lower value and are not our principal business for future development. For the six months ended 30 June 2021, the total revenue generated from labour dispatch services amounted to approximately RMB2.6 million, representing an increase of approximately 4.0% as compared to that of approximately RMB2.5 million for the six months ended 30 June 2020.

### *Other Miscellaneous Services*

Other miscellaneous services include HR services consultation, talent assessment and tailored-made employee management solutions, all of which were first offered in 2019 to our clients. In particular, we provide personnel management services to those who recognise our expertise in such area. We are engaged, generally for a term of one year, to design and implement training programs, management and dispute resolution policies, daily management proposals and employee work plans on specific projects. For the six months ended 30 June 2021, the revenue generated from other miscellaneous services amounted to approximately RMB6.9 million, representing a decrease of approximately 15.9% as compared to the total amount of approximately RMB8.2 million for the six months ended 30 June 2020. This was mainly due to (i) the decrease in revenue from employee management solutions services of approximately RMB1.0 million; and (ii) the decrease in revenue from HR services consultation of approximately RMB0.4 million. Other miscellaneous services are all HR-related services which are currently not the primary focus of the Group's development.

## *International Business*

For the six months ended 30 June 2021, we achieved a total revenue of approximately RMB60.9 million outside of the PRC, representing an increase of approximately RMB42.6 million or 232.8% as compared to the revenue of approximately RMB18.3 million in the first half of 2020. In addition to the scope of our operations pursuant to the Operational Qualification Certificate for Labour Service Cooperation with foreign parties, we have sent Chinese employees to our overseas customers. We subcontract the flexible staffing and professional recruitment services we undertake from our Chinese clients to local HR companies by cooperating with them. As at the date of this announcement, we had built a comprehensive network of international HR services and entered into cooperation framework agreements with 42 HR companies in 38 countries and regions. In addition, with an aim to enter into the Indian market, we intend to establish a joint venture in India to carry out HR services, which is subject to the review by the Indian government. In the future, we will establish companies in the different countries and regions according to our business development needs.

## *R&D of Integrated HR Ecosystem*

In the first half of 2021, in order to enhance the R&D capability of our systems and the platforms, we expanded the scale of our R&D teams. As at 30 June 2021, our R&D teams had 49 members, who were mainly software engineers with university or college degrees, with an average of over seven years of R&D experience in the internet and technologies related industry. For the six months ended 30 June 2021, we incurred approximately RMB7.2 million in R&D for the followings:

- (a) Optimisation of existing systems and platforms:
  - (i) We have added a smart candidate-position matching function on the Xiang Recruitment Platform, which improves the efficiency of matching job positions according to a candidate's job seeking preference and skills, so as to select the jobs suitable for a candidate to the greatest extent, thereby improving the conversion rate from interview to onboarding; and
  - (ii) Due to the difference in the recruitment for IT personnel and batch recruitment, we have developed a recruitment model for IT personnel in our Rui Recruiting System that are similar to headhunting. At the same time, the Rui Recruiting System is connected to the "Renrui IT" WeChat applet, which is designed for job applicants for seeking IT positions. The positions open for recruitment posted on the Rui Recruiting System are directly posted to the "Renrui IT" WeChat applet, and the candidates' resumes will be simultaneously posted to the Rui Recruiting System after resumes are submitted by the job applicants.

- (b) In April 2021, we launched the SAP Group Financial System (SAP集團財務系統) (the “**SAP System**”), through which the settlement functions of various business systems such as the contract management system, Rui Cloud Management System (瑞雲), Rui Recruiting System, monetary fund system, processing centre, personnel management system and other business systems were connected, so as to achieve the “integration of business and finance” management. By connecting various business systems, automatic accounting was realised, which significantly reduced the workload of personnel of the finance department and increased the accuracy of settlement. In addition, the SAP System can calculate profits of comprehensive flexible staffing and professional recruitment projects in progress, providing an objective analysis for the operation of projects, and suggest ways to different departments to reduce costs and increase efficiency in the course of project operation.
- (c) We started to attempt the productisation of R&D technology relating to human resources-related systems in 2021, and we launched an online application system for public recruitment for the Human Resources and Social Security Bureau of a city in Xinjiang, the PRC in the first half of 2021. Such online registration system provides various online functions for the recruitment of talents by local governments and public institutions, such as online registration for candidates, online submission of resumes, online review, online payment, allocation of examination venues, and inquiry for final hiring results. The application of such system has enhanced the efficiency of open recruitment by the local government.
- (d) Application of 10 software copyrights:

In the first half of 2021, we applied for a total of 10 software copyrights based on the newly developed system functions, with the cumulative number of our software copyrights reaching 78.

By utilising our integrated HR ecosystem, our per capita efficiency in the 6 months has maintained above RMB75,000/person. The net profit per capita generated by our internal staff in the first half of the last three years is set out as follows:

	<b>For the six months ended 30 June</b>		
	<b>2021</b>	2020	2019
	<b>(Unaudited)</b>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<b>(Adjusted)</b>		<i>(Adjusted)</i>
Adjusted net profit (RMB'000)	<b>81,005</b>	53,019	58,476
Average number of internal employees <sup>(Note)</sup>	<b>1,021</b>	643	596
Net profit per capita for the period (RMB'000/person)	<b>79.3</b>	82.5	98.1

*Note:* The average number of internal employees for a period was calculated by adding the number of internal employees at the end of a given period with the number of internal employees at the end of the previous period and divided by two.

## Our Suppliers

We source certain services from third-party suppliers and service providers, which mainly include social insurance and housing provident fund processing agents, call center and technical support for flexible staffing, transportation services, other HR solutions providers for candidate sourcing, and subcontractors for flexible staffing or BPO services. For the six months ended 30 June 2021, the amount of purchases from our five largest suppliers accounted for approximately 4.0% of our total cost of revenue. All our subcontractors are independent third parties, and we are not overly dependent on any subcontractor.

## HR

As at 30 June 2021, we had a total of 50,031 employees based in various cities in the PRC, among which we had 1,153 internal employees, representing an increase of 264 employees, or an increase of approximately 29.7% as compared to 889 employees as at 31 December 2020. The average age of our internal employees was less than 28 years old, and approximately 95.0% of our internal employees had a university degree or above. Young employees can provide more energy and motivation to our entire team, and their good education background enables us to provide clients with more professional HR services. The table below sets forth the total number of employees by function as at 30 June 2021:

<b>Functions</b>	<b>Number of Employees</b>	<b>% of total Employees</b>
<b>Internal Employees</b>		
— Senior management	4	0.0
— R&D	49	0.1
— Sales and marketing	121	0.2
— Project management/execution	869	1.7
— Others <i>(Note)</i>	110	0.2
<b>Subtotal</b>	<b>1,153</b>	<b>2.2</b>
<b>Contract Employees</b>		
— Comprehensive flexible staffing employees	45,244	90.5
— Labour dispatch employees	3,634	7.3
<b>Subtotal</b>	<b>48,878</b>	<b>97.8</b>
<b>Total</b>	<b>50,031</b>	<b>100.0</b>

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

The Group offers competitive remuneration packages to its internal employees, which are determined in accordance with the relevant laws and regulations in the places where the Group operates and the individual qualifications, experience and performance of the employees concerned, as well as market salary levels. In addition, the Group provides employees with other comprehensive benefits, including social insurance and housing provident funds, in accordance with the regulations of the labour contract signing companies and the applicable laws of the cities where the employees are actually based. For the six months ended 30 June 2021, the Group's labour costs amounted to approximately RMB1,961.9 million, of which internal labour costs amounted to approximately RMB115.0 million, representing an increase of approximately RMB56.6 million or approximately 96.9% as compared to that in the first half of 2020. This was mainly due to (i) during the period from February 2020 to June 2020, the Group's subsidiaries enjoyed social insurance exemption of approximately RMB3.0 million. There is no social insurance exemption policy since January 2021; (ii) the increase in the number of internal staff, the increase in salary and compensation packages, and the internal promotion of a number of management personnel in the second half of 2020, with a view to enhancing the professional capabilities and recruitment skills of our personnel providing comprehensive flexible staffing services; and (iii) the share-based payment expenses of approximately RMB6.4 million arising from the grant of share options under the Post-IPO Share Option Scheme and the grant of share awards under our Post-IPO Share Award Scheme to our Directors and employees in October 2020 and January 2021, respectively. For details, please refer to the Company's announcements dated 29 October 2020 and 22 January 2021.

Pursuant to the two pre-IPO share option schemes adopted by the Group on 12 March 2019 (namely, the mid-senior level management pre-IPO share option scheme and the non-managerial employee pre-IPO share option scheme), options to subscribe for a total of 22,904,600 new ordinary shares of the Company (the "Shares") were granted, among which (i) options to subscribe for a total 50,400 Shares were lapsed in the first half of 2021, (ii) options to subscribe for a total of 78,200 Shares were exercised as in April 2021, and (iii) options to subscribe for a total of 19,665,900 Shares remained unexercised as at 30 June 2021. Among these outstanding options, options to subscribe for 3,343,300 Shares, 6,089,100 Shares and 6,056,200 Shares were vested in June 2020, December 2020, and June 2021, respectively, and the remaining options had not yet been vested as at 30 June 2021.

To further enhance our professional service capabilities and management capabilities of projects and organisations, we have organised a number of staff training courses for 1,153 internal employees in the first half of 2021. In addition to the "Wave Training Project" organised for the newly recruited project managers in the previous years, we also organised training courses for 92 management personnel at all levels to enhance their management capabilities. The Company also carried out (i) basic management knowledge trainings for junior management members, (ii) project management, target management and team management skills trainings for mid-level management members, and (iii) leadership trainings for senior management members, and asked instructors to go into each region to cultivate the problem-solving ability of regional general managers in the course of their practical work.

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 June 2021, the total revenue of the Group amounted to approximately RMB2,128.3 million, representing an increase of approximately RMB932.7 million or approximately 78.0% as compared to that of approximately RMB1,195.6 million for the six months ended 30 June 2020. This was due to the increase in the revenue generated from the comprehensive flexible staffing services, which increased by approximately RMB904.7 million or 77.6%, when compared to that of the first half of 2020. The increase in the revenue was mainly due to the increase in the number of contract employees deployed to comprehensive flexible staffing services.

### Cost of Revenue

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

For the six months ended 30 June 2021, the Group's total cost of revenue amounted to approximately RMB1,971.9 million, representing an increase of approximately RMB876.0 million or approximately 79.9% as compared to that of approximately RMB1,095.9 million for the six months ended 30 June 2020. The increase in cost of revenue was mainly due to the fact that (i) our employee benefit expenses and travelling expenses increased by approximately RMB865.7 million in aggregate, which was in line with the increase in the number of flexible staffing employees; (ii) in the second half of 2020 and the first half of 2021, we established two new comprehensive flexible staffing service centres in Xi'an and Jinniu District, Chengdu (the "**New Service Centres**"), and expanded our comprehensive flexible staffing service centre in the Chengdu High-tech Zone. In order to expand the coverage of our services, we have established four new secondary service points in Zhengzhou, Ningbo, Hefei and Changsha (the "**New Service Points**"). In addition, our offices in Nanjing, Hangzhou and Shenzhen were relocated to better office premises for operation, resulting in an increase of approximately RMB6.1 million in amortization of right-of-use assets; and (iii) there is a year-on-year increase of approximately RMB5.4 million in other taxes and surcharges as a result of the increase in revenue. The average labour cost of the comprehensive flexible staffing service employees managed by us for our clients was approximately RMB7,900 per month in the first half of 2021, representing an increase from approximately RMB6,800 per month in 2020. This was because the PRC government reduced the amount of social insurance contribution payable by enterprises from February 2020 to December 2020, but no similar reduction was offered by the PRC government in the first half of 2021.

## 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:

	<b>Six months ended 30 June</b>			
	<b>2021</b>		<b>2020</b>	
	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>%</b>
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Comprehensive flexible staffing	<b>130,873</b>	<b>6.3</b>	86,625	7.4
Professional recruitment	<b>17,223</b>	<b>35.9</b>	3,840	20.1
Other HR solutions	<b>8,315</b>	<b>79.6</b>	9,245	81.8
<b>Total</b>	<b><u>156,411</u></b>	<b>7.3</b>	<b><u>99,710</u></b>	8.3

Our gross profit margin for the six months ended 30 June 2021 was approximately 7.3%, representing a decrease of approximately 1.0% from approximately 8.3% for the six months ended 30 June 2020, which was mainly due to the reasons below:

- (a) The gross profit margin of comprehensive flexible staffing services decreased from approximately 7.4% for the first half of 2020 to approximately 6.3% for the first half of 2021, which was mainly due to the fact that: (i) in order to acquire certain strategic new customers, we proactively reduced the comprehensive flexible staffing service premium charged by us; (ii) there was decrease in flexible staffing service premium payable to the Group for each flexible staffing employee per month since late May 2021 by a major comprehensive flexible staffing customer upon renewal of contracts; and (iii) in the first half of 2021, we established two New Service Centres, which can accommodate over 1,000 and 800 contract employees, respectively, to prepare for the rapid business development in the future. Currently, we are gradually arranging for the operation of new comprehensive flexible staffing projects in these two New Service Centres, but the idle cost incurred for the vacant site has contributed to the decrease in gross profit margin.
- (b) The gross profit margin of professional recruitment services increased from approximately 20.1% in the first half of 2020 to approximately 35.9% in the first half of 2021, which was mainly due to the outbreak of COVID-19 which prevented the Group from commencing its offline recruitment activities in the first half of 2020, while the fixed costs such as the rent of the long-term leased office for the purpose of holding offline recruitment events and the related internal employees' benefit expenses did not decrease. With COVID-19 being under control in the first half of 2021, the demand for recruitment from clients recovered gradually. As such, the gross profit margin of our professional recruitment services gradually returned to the normal level.
- (c) The gross profit margin of other HR solutions (comprising corporate training services, labour dispatch services and other miscellaneous services) decreased from approximately 81.8% in the first half of 2020 to approximately 79.6% in the first half of 2021, which was mainly due to the fluctuation in the gross profit margin of labour dispatch 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 (which mainly comprise depreciation and amortisation, utilities and office expenses and rental and property management fees).

Our selling and marketing expenses for the six months ended 30 June 2021 amounted to approximately RMB40.0 million, representing an increase of approximately RMB21.4 million or 115.1% as compared to that of approximately RMB18.6 million for the six months ended 30 June 2020. This is mainly due to the fact that (i) we increased our investment in expanding our pool of potential candidates in the first half of 2021, which has led to an increase in marketing and promotion expenses of approximately RMB12.2 million. By expanding our pool of potential candidates, we would be able to (a) increase the onboarding number of comprehensive flexible staffing and professional recruitments, which could then help us obtain more recruitment orders from our clients and (b) accumulate the talent pool in the field of IT to develop our recruitment capabilities in this field; and (ii) the number of sales personnel increased by 25 as compared to that in the first half of 2020, and the revenue for the first half of 2021 increased by 78.0% as compared to that of the first half of 2020, which has led to an increase in the amount of bonus for sales personnel of approximately RMB0.9 million. As such, there was an increase in the total employee benefit expenses of approximately RMB3.1 million. Our selling and marketing expenses as a percentage of revenue increased from approximately 1.6% for the six months ended 30 June 2020 to approximately 1.9% for the six months ended 30 June 2021.

## **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 2021 amounted to approximately RMB7.2 million, representing an increase of approximately RMB1.3 million or approximately 22.0% as compared to that of approximately RMB5.9 million for the six months ended 30 June 2020. This was mainly due to (i) the increase in office rental of approximately RMB0.8 million for the first half of 2021 as compared to that in the first half of 2020 as a result of the commencement of leasing of the new office for our R&D department in May 2020; and (ii) the increase in the number of R&D personnel in 30 June 2021 by 17 as compared to that as at 30 June 2020. As a result, the employee benefit expenses increased by approximately RMB0.4 million.

## **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 2021 amounted to approximately RMB47.2 million, representing an increase of approximately RMB13.4 million or approximately 39.6% as compared to that of approximately RMB33.8 million for the six months ended 30 June 2020, which was mainly due to the fact that (i) the employee benefit expenses for our management personnel increased by approximately RMB7.8 million as compared to that of approximately RMB14.4 million in the first half of 2020 as a result of the internal promotion of various management members in the second half of 2020, and the increase in the salary of management members in the first half of 2021; and (ii) on 22 January 2021, we granted share options to 20 employees and 4 Directors under the Post-IPO Share Option Scheme, which enabled them to subscribe for up to 2,560,000 Shares. The amortisation for the period ended 30 June 2021 is RMB5.6 million. In addition, our administrative expenses as a percentage of revenue decreased from approximately 2.8% for the six months ended 30 June 2020 to approximately 2.2% for the six months ended 30 June 2021.

### **Other Income**

Other income for the six months ended 30 June 2021 amounted to approximately RMB18.1 million, representing an increase of approximately RMB8.6 million or approximately 90.5% as compared to that of approximately RMB9.5 million for the six months ended 30 June 2020. Other income primarily comprises income derived from government grants and tax reduction. The increase was primarily attributable to the followings: (i) the financial support funds from certain government authorities, which served as an incentive to HR companies to provide services to local enterprises and to invest in R&D of company software and systems, increased along with our business expansion and increase in investment. Therefore, we have received government grants of approximately RMB12.4 million for the six months ended 30 June 2021, as compared to that of approximately RMB7.2 million for the six months ended 30 June 2020, representing an increase of approximately RMB5.2 million; (ii) certain subsidiaries of the Group are qualified for an additional 10% deduction of input VAT from output VAT. For the six months ended 30 June 2021, we obtained such tax deduction in the amount of approximately RMB3.5 million, representing an increase of approximately RMB1.5 million as compared to that of approximately RMB2.0 million for the six months ended 30 June 2020; and (iii) interest income of approximately RMB2.1 million was generated from investment in wealth products from the bank financial assets at fair value through other comprehensive income (“FVOCI”) such as corporate bonds and certificates of deposit purchased with the idle net proceeds from the listing (“Net Proceeds”) during the period ended 30 June 2021.

### **Other Gains, Net**

For the six months ended 30 June 2021, other gains, net amounted to approximately RMB2.0 million, representing a decrease of approximately RMB6.7 million or approximately 77.0% as compared to RMB8.7 million for the six months ended 30 June 2020. This was mainly due to (i) the exchange gains of only approximately RMB0.7 million from the Net Proceeds invested in financial assets at FVOCI and remained as bank deposits, representing a decrease of approximately RMB9.2 million as compared to that of approximately RMB9.9 million of foreign exchange gains for the first half of 2020. However, it was partially offset by (i) the investment income of approximately RMB1.5 million generated from

our principal-preservation financial products purchased with idle funds, while there was no such income in the first half of 2020; and (ii) the decrease in donation expenses of approximately RMB1.1 million as compared to that in the first half of 2020 as there was no external donation made in the first half of 2021.

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

For the six months ended 30 June 2021, the reversal of net impairment losses on financial assets amounted to approximately RMB2.8 million, as compared to the provision of net impairment losses on financial assets of approximately RMB7.0 million for the six months ended 30 June 2020. Such change was mainly due to the weakening of the adverse impact of the COVID-19 on economic growth in the first half of 2021, the improvement in the ageing structure of the receivables in the period as compared to the last corresponding period, and the drop in the expected credit loss rate. As such, based on the ageing of the trade and bills receivables balance as at 30 June 2021 and the subsequent settlement, we reversed part of the provision for the impairment of trade and bills receivables, approximately RMB 3.5 million. Additionally, For the employee loans borrowed during the period, we made a provision for expected credit losses of approximately RMB0.7 million.

### **Operating Profit**

Our operating profit increased from approximately RMB52.6 million for the six months ended 30 June 2020 to that of approximately RMB84.8 million for the six months ended 30 June 2021, representing an increase of approximately 61.2%.

### **Finance Income**

Our finance income for the six months ended 30 June 2021 amounted to approximately RMB4.3 million, representing a decrease of approximately RMB4.5 million or approximately 51.1% as compared to that of approximately RMB8.8 million for the six months ended 30 June 2020.

### **Finance Costs**

Our finance costs for the six months ended 30 June 2021 amounted to approximately RMB2.3 million, representing an increase of approximately RMB1.2 million or approximately 109.1% as compared to approximately RMB1.1 million for the six months 30 June 2020. It was mainly due to the increase in interest expenses on lease liabilities caused by the leasing of new office premises as a result of the establishment of two New Service Centres in the first half of 2021, and the establishment of four New Service Points in order to expand the coverage of our services.

### **Share of results of joint ventures**

The net gain attributable to the results of joint ventures for the six months ended 30 June 2021 was approximately RMB0.3 million. The investment in Tianjin Binhai Xunteng Technology Group Co., Ltd (天津濱海迅騰科技集團有限公司) (“**Xunteng Group**”) in October 2020 (for further details, please see the Company’s announcement dated 15 October 2020) generated an investment gain

of approximately RMB1.2 million, but it was partially offset by the loss in investing in Shanghai Zhencheng Technology Co., Ltd. (上海圳誠科技有限公司) (“**Shanghai Zhencheng**”) in October 2020 of approximately RMB0.9 million. Shanghai Zhencheng was only established in October 2020 and was not profit-making in the first half of 2021. It is expected to be profitable starting from August 2021.

### **Profit before Income Tax**

Our profit before income tax for the six months ended 30 June 2021 amounted to approximately RMB87.1 million, representing an increase of approximately RMB26.8 million or approximately 44.4%, as compared with the profit before income tax of approximately RMB60.3 million for the six months ended 30 June 2020. Such change was mainly due to the increase in revenue and gross profit as a result of the increase in the number of comprehensive flexible staffing employees in the first half of 2021, leading to an increase in profit before income tax.

### **Profit for the Period**

Profit for the period for the six months ended 30 June 2021 amounted to approximately RMB74.7 million, representing an increase of approximately RMB21.7 million or approximately 40.9% as compared with the profit for the period of approximately RMB53.0 million for the six months ended 30 June 2020, which was mainly due to the reasons set out under the paragraph headed “Profit before Income Tax” above.

### **Non-HKFRS Measures**

To supplement our consolidated financial statements which are presented in accordance with the HKFRS, we also presented adjusted net profit as an additional financial measure, which is not required by, nor presented in accordance with, the HKFRS. The following table reconciles our adjusted net profit for the six months ended 30 June 2021 and 2020 presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS:

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Profit for the period</b>	<b>74,654</b>	53,019
Add: Share-based payment expenses under the Post-IPO Share Option Scheme	<b>6,351</b>	—
<b>Adjusted net profit</b>	<b>81,005</b>	53,019

We define our adjusted net profit as the net profit for the period excluding the share-based payment

expenses under the Post-IPO Share Option Scheme and Post-IPO Share Award Scheme. Our adjusted net profit increased from approximately RMB53.0 million for the six months ended 30 June 2020 to approximately RMB81.0 million for the six months ended 30 June 2021, representing an increase of approximately 52.8%. Such substantial increase was mainly due to (i) the increase in revenue brought by the continued growth in the number of comprehensive flexible staffing employees in the first half of 2021. The monthly increase in the number of flexible staffing employees has exceeded 1,200 from March 2021 to June 2021, and achieved the highest increase in March 2021 by achieving an increase of 2,249 comprehensive flexible staffing employees; and (ii) the decline in the total amount of the selling and marketing expenses and administrative expenses as percentages of total revenue resulting from a better operating leverage by utilising our integrated HR ecosystem.

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

## Net Current Assets

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

	<b>As at 30 June 2021 RMB'000 (Unaudited)</b>	<b>As at 31 December 2020 RMB'000 (Audited)</b>
Total current assets	<b>1,642,792</b>	1,644,808
Total current liabilities	<b>535,542</b>	493,074
<b>Net current assets</b>	<b><u>1,107,250</u></b>	<b><u>1,151,734</u></b>

Our net current assets as at 30 June 2021 amounted to approximately RMB1,107.3 million, representing a decrease of approximately RMB44.4 million or approximately 3.9% as compared to that of approximately RMB1,151.7 million as at 31 December 2020. This was offset by the following three factors: (i) we granted credit terms to some of our contracted new strategic comprehensive flexible staffing customers, which recorded an increase in revenue in the first half of 2021, resulting in an increase in trade receivables and notes receivable of approximately RMB97.5 million from approximately RMB477.9 million as at 31 December 2020 to approximately RMB575.4 million as at 30 June 2021; (ii) the increase in prepayments, deposits and other receivables by approximately RMB16.2 million from approximately RMB12.0 million as at 31 December 2020 to approximately RMB28.2 million as at 30 June 2021, resulting from the rental deposit paid for the new office premises leased due to the establishment of the New Services Centers in the first half of 2021 and the establishment of the New Service Points in order to expand coverage area of our service; and (iii) the dividend declaration as approved by the shareholders of the Company at the annual general meeting on 10 June 2021 of approximately RMB54.7 million, representing an increase in trade and other payables of approximately RMB39.2 million on 30 June 2021 as compared to 31 December 2020.

### **Trade and Notes Receivables**

The trade and bills receivables increased by approximately RMB97.5 million or approximately 20.4% from approximately RMB477.9 million as at 31 December 2020 to approximately RMB575.4 million as at 30 June 2021. This was mainly due to the fact that we have granted credit terms to some of our contracted new strategic comprehensive flexible staffing customers, which recorded an increase in revenue in the first half of 2021, resulting in an increase in the balance of trade receivables. was partially offset by the decrease in trade receivables from other customers as we strengthened the recovery of trade receivables while increasing our revenue. As at 30 June 2021, the provision for losses on trade receivables was approximately RMB5.5 million, representing a decrease of approximately RMB3.5 million as compared to that of approximately RMB9.0 million as at 31 December 2020, which was mainly due to the reasons set out in the paragraph “FINANCIAL REVIEW — Reversal of/ (Provision for) Net Impairment Losses on Financial Assets” in this announcement.

The actual recovery period granted to clients is restricted to a credit period within 10 days to 70 days, which is in line with our credit policy in the previous years. The following table sets forth the turnover days of trade receivables for the years indicated:

	<b>For the six months ended 30 June 2021</b>	For the year ended 31 December 2020
Trade and notes receivables turnover days <sup>(1)</sup>	<b>46</b>	54
Adjusted trade and notes receivables turnover days <sup>(2)</sup>	<b>41</b>	48

*Notes:*

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

For the six months ended 30 June 2021, our trade and notes receivables turnover days was 46 days, and the adjusted trade and notes receivables turnover days was 41 days, representing a decrease as compared to 2020, mainly because we have strengthened our efforts in the collection of trade receivables in addition to the growth in revenue. Our credit period granted to clients is generally within 10 to 70 days.

### **Prepayments, Deposits and Other Receivables**

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

As at 30 June 2021, our prepayments, deposits and other receivables amounted to approximately RMB28.2 million, representing an increase of approximately RMB16.2 million or approximately 135.0% as compared to that of approximately RMB12.0 million as at 31 December 2020, primarily due to (i) the increase of approximately RMB7.6 million of prepaid annual promotion fees to suppliers as at 30 June 2021 as compared to that as at 31 December 2020 in order to attract more job applicants by launching more advertising campaigns on the job applicants community and the Xiang Recruitment Platform in response to the increasing recruitment demand from our customers in 2021 as compared to that in 2020; (ii) in the first half of 2021, we established two New Service Centres and established four New Service Points. Rent guarantee payable, as a result, increased by approximately RMB1.5 million when compared to the end of last year; and (iii) the additional staff loan receivable was approximately RMB2.6 million.

## **Financial Assets at FVOCI**

As at 30 June 2021, our balance of financial assets at FVOCI was approximately RMB39.0 million. We utilized those assets balance to purchase corporate bonds issued by the Sinopec Group and Hitachi Capital, and certificates of deposit issued by Bank of China and Industrial and Commercial Bank of China. These corporate bonds and certificates of deposit will mature in September 2021 and October 2021.

## **Trade and Other Payables**

As at 30 June 2021, our trade and other payables amounted to approximately RMB472.4 million, representing an increase of approximately RMB39.2 million or 9.0% as compared to RMB433.2 million as at 31 December 2020, which was mainly due to (i) the dividend payable for the year 2020 of approximately RMB54.7 million as at 30 June 2021; and (ii) the increase in VAT and surcharges of approximately RMB8.6 million as a result of the increase in revenue. This was partially offset by a decrease in the balance accrual salaries and benefits of approximately RMB24.8 million.

Our suppliers usually grant credit periods of less than one month to us and invoices received are to be settled monthly.

## **Current Income Tax Liabilities**

As at 30 June 2021, our current income tax liabilities amounted to approximately RMB16.3 million, representing a decrease of approximately RMB6.9 million or approximately 29.7% as compared to that of approximately RMB23.2 million as at 31 December 2020.

## **Property, Plant and Equipment**

As at 30 June 2021, the carrying value of our property, plant and equipment was approximately RMB115.1 million, representing an increase of approximately RMB41.2 million or approximately 55.8% as compared to that of approximately RMB73.9 million as at 31 December 2020, which was mainly due to the net effect of (i) the establishment of two New Service Centres and the establishment of four New Service Points. In addition, the office in Nanjing was relocated to better office premises for our business. These resulted in an aggregate increase of approximately RMB55.9 million in right-of-use assets, leasehold improvements, electrical appliances and furniture relating to our new offices; (ii) the increase of approximately RMB4.4 million in computer equipment for our two New Service Centres as abovementioned; and (iii) the depreciation expenses of approximately RMB17.8 million in the first half of 2021.



## Intangible assets

As at 30 June 2021, the carrying amount of our intangible assets was approximately RMB5.7 million, representing an increase of approximately RMB2.6 million, or approximately 83.9%, from approximately RMB3.1 million as at 31 December 2020. This was mainly due to the implementation expenses of approximately RMB2.5 million for the deployment of the SAP system in the first half of 2021.

## Other Non-current Assets

Other non-current assets represent employee borrowings and deposits for property leasing with repayment period of more than one year. As at 30 June 2021, our other non-current assets amounted to approximately RMB23.6 million, representing an increase of approximately RMB16.6 million or approximately 237.1% as compared to that as at 31 December 2020, which was mainly due to (i) the implementation of an employee borrowing plan in June 2021, for the purpose of enhancing employee benefits and hence increasing the stability of employees, and the accumulated amount of loans to employees amounted to approximately RMB14.1 million as at 30 June 2021; and (ii) the fact that in the first half of 2021, we established two New Service Centres, and four New Service Points. In addition, the office in Nanjing was relocated to a better office premises for our business. These resulted in an increase in the deposits for property leasing of approximately RMB2.5 million as compared to that as at 31 December 2020.

## Deferred Income Tax Assets

As at 30 June 2021, the carrying amount of our deferred income tax assets was approximately RMB16.8 million, representing an increase of approximately RMB4.1 million or approximately 32.3% as compared to that of approximately RMB12.7 million as at 31 December 2020.

## KEY FINANCIAL RATIOS

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

	For the six months ended 30 June		
	2021	2020	2019
Total revenue growth	<b>78.0%</b>	11.0%	63.5%
	<b>(Adjusted)</b>		(Adjusted)
Adjusted net profit growth (non-HKFRS) <sup>(1)</sup>	<b>52.8%</b>	-9.3%	169.8%
Gross margin <sup>(2)</sup>	<b>7.3%</b>	8.3%	10.8%
	<b>(Adjusted)</b>		(Adjusted)
Adjusted net margin (non-HKFRS) <sup>(3)</sup>	<b>3.8%</b>	4.4%	5.4%
	<b>30 June</b>	31 December	31 December
	<b>2021</b>	2020	2019
	<b>(Adjusted)</b>	(Adjusted)	(Adjusted)
Adjusted current ratio (times) <sup>(4)</sup>	<b>1.5</b>	1.6	1.4

*Notes:*

- (1) Adjusted net profit (non-HKFRS) is defined as the net profit or loss for the six months ended 30 June 2021, 2020 and 2019 excluding non-operational fair value losses on hybrid financial instruments, listing expenses and share-based payment expenses under the Post-IPO Share Option Scheme and Post-IPO share Award Scheme, where applicable.
- (2) Gross margin equals gross profit divided by revenue for the six months ended 30 June 2021, 2020 and 2019 and multiplied by 100%.
- (3) Adjusted net margin (non-HKFRS) is calculated as the adjusted net profit as a percentage of the revenue for the same period.
- (4) Adjusted current ratio is calculated as the adjusted current assets divided by the current liabilities at the end of each year ended 31 December 2019 and 2020 and six months ended 30 June 2021. The adjusted current assets is defined as the current assets excluding the Net Proceeds received and unutilised, where applicable.

### **Adjusted Net Profit**

Adjusted net profit for the six months ended 30 June 2021 amounted to approximately RMB81.0 million, representing an increase of approximately 52.8% as compared to that for the six months ended 30 June 2020, primarily due to (i) the increase in revenue brought by the continuous growth in the number of comprehensive flexible staffing employees in the first half of 2021. The number of the Group's comprehensive flexible staffing employees maintained a monthly increase of more than 1,200 from March 2021 to June 2021 and achieved the highest increase in March 2021 by achieving an increase of 2,249 comprehensive flexible staffing employees; and (ii) the decline in the total amount of selling and marketing expenses and administrative expenses as percentages of total revenue resulting from a better operating leverage by utilising our integrated HR ecosystem.

### **Adjusted Net Margin**

The adjusted net profit margin for the six months ended 30 June 2021 was approximately 3.8%, representing a decrease of 0.6% as compared to the adjusted net profit margin of 4.4% for the six months ended 30 June 2020. The decrease was primarily due to (i) the decrease in gross profit margin of comprehensive flexible staffing services from approximately 7.4% in the first half of 2020 to approximately 6.3% in the first half of 2021, representing a decrease of approximately 1.1%; (ii) to boost the number of comprehensive flexible and professional recruiters on board to get more recruitment orders from our clients, we have also started to build up a pool of candidates in the information technology field in order to build up our recruiting capabilities in the area of information technology. Therefore, we increased our investment in the potential expansion of our pool of candidates in the first of half of 2021, which increased our marketing and promotion expenses. Thus our selling and marketing expenses as a percentage of revenue increased by approximately 0.3% from approximately 1.6% in the first half of 2020; and (iii) the Group's overall income tax rate increased by approximately 2.2% in the first half of 2021 from approximately 12.1% in the first half of 2020.

## **Adjusted Current Ratio**

As at 30 June 2021, the adjusted current ratio decreased to approximately 1.5 from approximately 1.6 as at 31 December 2020, which was mainly due to the decrease in cash and cash equivalents generated from operating activities after deducting the Net Proceeds received and unutilised as a result of the purchase of the Shares by the trustee pursuant to the Post-IPO Share Award Scheme using cash generated from operating activities in the second half of 2020 and the first half of 2021 through the trust fund of the trust held by the trustee. For details, please refer to the Company's announcements dated 14 July 2020, 15 September 2020 and 14 January 2021, respectively.

## **Liquidity and Capital Resources**

In the first half of 2021, we funded our cash requirements principally from our business operations and Net Proceeds.

As at 30 June 2021, we had cash and cash equivalents of approximately RMB999.9 million, representing an increase of approximately RMB32.7 million or approximately 3.4% as compared to that of approximately RMB967.2 million as at 31 December 2020. This was due to the net effect of (i) the net cash used in operating activities of approximately RMB63.4 million; (ii) the net cash generated from investing activities of approximately RMB136.4 million, primarily due to the purchase of certain wealth management products with idle funds, some of which were not utilised to purchase new wealth management products upon redemption and upon maturity on or before 30 June 2021; and (iii) the net cash used in financing activities of approximately RMB38.8 million, primarily due to the purchase of 1,024,200 Shares by the trustee pursuant to the Post-IPO Share Award Scheme in January 2021 with cash generated from operating activities.

## **TREASURY POLICIES**

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

## **CASH FLOWS**

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

Net cash used in operating activities for the six months ended 30 June 2021 was approximately RMB63.4 million, as compared to net cash generated from operating activities of approximately RMB18.4 million for the six months ended 30 June 2020. Such change from the first half of 2020 to the first half of 2021 was mainly due to the fact that (i) we granted credit terms to some of our contracted new strategic comprehensive flexible staffing customers, which recorded an increase in revenue in the first half of 2021, resulting in an increase in the balance of trade receivables; and (ii) according to the enterprise income tax filing results for 2020, the enterprise income tax of RMB23.6 million was paid in May 2021. The income tax paid in the first half of 2021 increased by approximately RMB19.1 million as compared to that in the first half of 2020.

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

Net cash generated from investing activities for the six months ended 30 June 2021 was approximately RMB136.4 million, as compared to net cash used in investing activities of approximately RMB140.7 million for the six months ended 30 June 2020. Such change from the first half of 2020 to the first half of 2021 was mainly due to (i) the maturity of the wealth products of certificates of deposit issued by bank in the first half of 2021 and the recovery of investment amount and interests in the first half of 2021; (ii) the reduction in investment expenditure for purchasing the certificates of deposit and wealth products of corporate bonds, resulting in a net cash generated from investing activities of approximately RMB148.2 million.

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

For the six months ended 30 June 2021, net cash used in financing activities was approximately RMB38.8 million, while the net cash generated from financing activities for the six months ended 30 June 2020 was approximately RMB52.0 million. Such change was primarily due to the payment of RMB21.3 million to purchase Shares by the trustee pursuant to the Post-IPO Share Award Scheme in the first half of 2021, while the Group received an additional gross proceeds of approximately RMB74.5 million (equivalent to approximately HK\$83.3 million) from the issue and allotment of Shares upon completion of the partial exercise of the over-allotment option in the first half of 2020.

## **CAPITAL STRUCTURE**

### **Indebtedness**

As at 30 June 2021, we had no outstanding borrowings. In the first half of 2021, we had sufficient working capital and did not apply for any borrowings from the bank. As at 31 December 2020, we also had no outstanding borrowings.

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 2021, all these covenants had been complied with by the Group.

As at 30 June 2021, we had unutilised banking facilities of approximately RMB100.0 million.

As at 30 June 2021, our lease liabilities in respect of our leased properties amounted to approximately RMB87.9 million, representing an increase of approximately RMB29.3 million as compared to that of approximately RMB58.6 million as at 31 December 2020. In the first half of 2021, we established two New Service Centres, and four New Service Points. In addition, offices in Nanjing and other places were relocated to better office premises for business. The office areas of the newly leased offices mentioned above expanded and the lease liabilities of such leased properties increased accordingly.

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 2021 and 31 December 2020, 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 2021, our capital expenditure amounted to approximately RMB17.1 million, among which (i) approximately RMB5.4 million was used for renovating the two New Service Centres and offices in Zhengzhou, Ningbo, Hefei, Changsha and Nanjing; (ii) approximately RMB9.0 million was used for purchasing furniture and computer equipment for the above newly leased offices; and (iii) approximately RMB2.7 million was used for the upgrading the flexible staffing management system and purchasing and implementing the right-of-use for SAP software.

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

As at 30 June 2021, we had not entered into any material off-balance sheet commitments or arrangements.

## **FOREIGN EXCHANGE RISK**

The Group mainly operates in the PRC and most of the Group's transactions, assets and liabilities are denominated in RMB. However, due to the Company's functional currency being USD, the Company was exposed to foreign exchange risk from the RMB denominated cash and cash equivalents and financial assets at FVOCI it held as at 30 June 2021. For the six months ended 30 June 2021, the Group recorded a net exchange gain of approximately RMB0.7 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 2021, none of the Group's assets was pledged (31 December 2020: nil).

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

For the six months ended 30 June 2021, the Group has no disposal of subsidiaries, associates or joint ventures or significant investments of the Group which would fall to be disclosed under the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

## **FUTURE PLANS ON SIGNIFICANT INVESTMENTS**

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

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

On 16 July 2021, the Company granted Share options to 42 employees of the Group pursuant to the Post-IPO Share Option Scheme which entitle them to subscribe for a maximum of 1,830,000 Shares. The exercise price of the options is HK\$10.668 per Share. For further details, please refer to the announcement of the Company dated 16 July 2021.

On 30 July 2021, Renrui Human Resources Technology Group Limited (“**Renrui Human Resources Group**”), a wholly-owned subsidiary of the Company, entered into a conditional investment agreement with, among others, Greedy Technology (Shenzhen) Co., Ltd. (貪心科技(深圳)有限公司) (“**Greedy Technology**”), Mr. Li Wenzhe (the controlling shareholder of Greedy Technology), Mr. Zhou Jingyang and Zhituo Technology (Tianjin) Partnership (Limited Partnership) (智拓科技(天津)合夥企業(有限合夥)) (“**Zhituo Technology**”). Pursuant to such investment agreement, Renrui Human Resources Group has agreed to invest a total of RMB20.0 million into Greedy Technology, upon completion of which Renrui Human Resources Group will hold 20.0% equity interest in Greedy Technology. To the best knowledge of the Board, Greedy Technology, the ultimate beneficial owners of Greedy Technology, Mr. Zhou Jingyang and Zhituo Technology, and all other shareholders of Greedy Technology are all independent third parties as defined under the Listing Rules.

On 30 July 2021, Liaoning Renrui Corporate Business Process Outsourcing Service Co., Ltd. (our indirect wholly-owned subsidiary) obtained a value-added telecommunication services licence in the category of call center services. We will negotiate with our clients to transfer all the relevant contracts from Liaoning Renrui Business Process Outsourcing Service Co., Ltd. and Beijing Ruilian Network Technology Co., Ltd. (our indirect wholly-owned subsidiaries) to Liaoning Renrui Corporate Business Process Outsourcing Service Co., Ltd..

Save as disclosed above, there was no significant event occurred after 30 June 2021 which required additional disclosures or adjustments.

## **OUTLOOK AND FUTURE STRATEGIES**

As disclosed in the Company’s announcements dated 30 June 2021 and 7 July 2021, respectively, although a major client of our Group planned to terminate the information verification and client service representative flexible staffing services provided by the Group in January 2022, and the flexible staffing services premium payable by such major customer to the Group per each flexible staffing employee per month will be reduced until such termination. However, we believe that benefiting from the continuous and effective control of the COVID-19 by the PRC government, as well as the rapid growth of the flexible staffing industry in China and the PRC government’s emphasis on stabilising employment, through business integration and upgrade, we are confident that we will be able to capture new market opportunities through the provision of our comprehensive flexible staffing services. At the same time, we will also start the strategic layout on the double growth curve of HR professional services and HR technology products. We believe that there will be both opportunities and challenges in the second half of 2021. The Group will make its best endeavours to cope with all the challenges, maintain the growth of revenue and seek new opportunities for net profit growth.

### **HR Professional Services as the First Growth Curve**

Our HR professional services comprise comprehensive flexible staffing, professional recruitment and other HR solutions, of which comprehensive flexible staffing is our main focus of strategic development. We will leverage our capabilities in professional staff management, project management and rapid recruitment, and accelerate (i) the provision of HR professional services for more new positions other than customer service and information verification; and (ii) the admission to more new industries in addition to the new economy industries by means of investments, mergers and acquisitions.

- We have established a flexible staffing services department for IT positions in the second half of 2020, with Ms. Zhang Jianmei, one of our founders and an executive Director, being the department head. As at 31 July 2021, the number of IT services personnel has reached 459. We have also adopted the “Business Partnership Program” and we intend to establish a joint venture with an independent team with comprehensive flexible staffing service experience in IT positions, which will enable us to quickly enhance our client development capabilities for IT positions.
- According to our future plans and the use of Net Proceeds from the Listing as disclosed in the Prospectus, we plan to merge and acquire one to two companies focusing on the provision of comprehensive flexible staffing services to local commercial banks in the second half of 2021. As such, together with our professional recruitment capabilities, we believe the coverage of our HR professional services can quickly be expanded to the banking and other financial institution industry.
- Currently, we are also negotiating with a company engaged in the training of robotics operators in relation to investments and business synergies with the intention to provide high-end manufacturing technicians who are capable of operating robots to modern manufacturing enterprises.

We believe that new economy companies will still be the trend of future market development, and the PRC government’s supervision on new economy companies will continue to be beneficial to the long-term and stable development of the overall industry. We will fully utilise our service advantages in this industry and continue to target fast-growing new economy companies as our clients.

### **HR Technology Service as the Second Growth Curve**

The current plan of HR technology products covers two types of products, namely HR SaaS (Software as a Service) and the new Xiang Recruitment Platform. We consider HR technology services as the second growth curve of revenue and net profit in the future.

- Our client-oriented business philosophy places great emphasis on upgrading our existing systems and developing new systems based on our client’ needs. Leveraging on our extensive experience in providing HR management services to our clients, we have launched a new product of HR SaaS (Software as a Service) in July 2021 named OC SaaS Service “Rui Xiang Cloud (瑞享雲)”, which, to the best knowledge, information and belief of our Directors, is currently the first HR management platform based on the digitalisation of organisational capabilities in the PRC.
- As a group providing technology-driven HR services, we will continue to invest in and upgrade our R&D, and renovate the Xiang Recruitment Platform.



## **Create Ecological Chain of Human Resource to Enhance Competition Barriers**

We will continue to create an ecological chain of human resources. We cooperate with enterprises, vocational training institutions and higher vocational colleges through investments, mergers and acquisitions or strategic cooperation to nurture talents by integrating industry and education. As such, we can develop students' professional skills at school and during vocational skills trainings, and recommend students that match the skill requirements of our clients for their employees to our clients after their graduation based on their skills learned.

- In August 2021, we cooperate with Xunteng Group to provide more than 500 opportunities of summer internship for students at the comprehensive flexible staffing service center in Tai'an during the summer vacation.
- In July 2021, we entered into an investment agreement with Greedy Technology, which is principally engaged in online trainings of AI technology. Pursuant to the investment agreement, Greedy Technology will provide the Group with 500, 1,000 and 1,500 AI technology talents who acquire natural language, machine recognition, system recommendation, visual identity and so on in each of 2021, 2022 and 2023, respectively. We will then recommend new jobs for these AI technology talents.

We will continue to explore ways to build an ecological chain for job seekers based on the integration of industry and education, and we plan to invest in two to three vocational training institutions and enterprises with an business focus on integrating industry and education so as to establish long-term competitive edges and industry barriers by creating an ecological chain of human resource.

## **Accelerating Human Resource Industrial Layout through Investments, Mergers and Acquisitions**

We established a joint venture cooperation department in July 2020 which is responsible for the investments, mergers and acquisitions of the Group. Through exploring opportunities for potential investments, mergers and acquisitions in 2020, we gradually explored a set of models suitable for our own development. The strategies of investments, mergers and acquisitions of the Group will mainly focus on three directions in the future: (i) obtain high-value customers and develop business with high gross profit; (ii) create an ecological chain of human resources; and (iii) initiate double growth of human resource professional services and human resource technology products to improve our professional services and technical capabilities. Our investments, mergers and acquisitions are not profit-driven financial investments, but focus on our business synergies with the investes so as to achieve a "1+1>2" mutual development. The business cooperation with Xunteng Group after investment has well proven such investment concept of "1+1>2". The business synergies after investment help us achieve the mutual growth of income and profit with the enterprises we invest in.

## DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: nil).

## USE OF NET PROCEEDS FROM THE LISTING

The Shares were listed on the Stock Exchange on 13 December 2019 (the “Listing Date”) 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.

The amount of Net Proceeds utilised from the Listing Date to 30 June 2021 is set forth below:

		Original allocation (Percentage)	Original allocation (HK\$)	Amount of Net Proceeds utilised up to 30 June 2021 (HK\$)	Balance of Net Proceeds unutilised as at 30 June 2021 (HK\$)	Intended timetable for the use of unutilised Net Proceeds
(i)	Expand our geographic coverage to better support our clients and new opportunities	20%	198.4 million	75.0 million	123.4 million	By/ before 31 December 2022
(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, IT industry and new retail clientele	17%	168.7 million	0.5 million	168.2 million	By/ before 31 December 2022
(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	13%	129.0 million	24.3 million	104.7 million	By/ before 31 December 2022
(iv)	Further enhance our integrated HR ecosystem and build up our capabilities in artificial intelligence and data mining technology	22%	218.3 million	2.9 million	215.4 million	By/ before 31 December 2024

				Amount of Net Proceeds utilised up to 30 June 2021 (HK\$)	Balance of Net Proceeds unutilised as at 30 June 2021 (HK\$)	Intended timetable for the use of unutilised Net Proceeds
Intended use of Net Proceeds	Original allocation (Percentage)	Original allocation (HK\$)				
(v) Further promote our brand and launch marketing and promotion activities	10%	99.2 million	2.7 million	96.5 million	By/ before 31 December 2022	
(vi) Support our global expansion strategy in the next four years	8%	79.4 million	—	79.4 million	By/ before 31 December 2023	
(vii) Working capital and general corporate purposes	10%	99.2 million	9.6 million	89.6 million	By/ before 31 December 2022	

The Group will continue to utilise the Net Proceeds in accordance with the intended use of proceeds as set out in the Prospectus. The Directors are not aware of any material change to the planned use of Net Proceeds at the date of this announcement.

## OTHER INFORMATION

### Corporate Governance Code

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

The Company has applied the principles as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules. The Board is of the view that during the six months ended 30 June 2021, the Company has complied with all applicable code provisions as set out in the CG Code, except for the deviation from code provision A.2.1 as explained under the paragraph headed “Chairman and Chief Executive Officer” below.

#### *Chairman and Chief Executive Officer*

Code provision A.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 for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2021.

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 2021.

### **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 2021.

## **Audit Committee**

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

The Audit Committee has reviewed the unaudited consolidated financial statements of the Group for the six months ended 30 June 2021. 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 2021 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 HKICPA.

## **Publication of Interim Results Announcement and Interim Report**

This interim results announcement is published on the Stock Exchange’s website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.renuihr.com](http://www.renuihr.com)). The interim report of the Company for six months ended 30 June 2021 containing all information required by the Listing Rules will be despatched to the Shareholders and published on the same websites in due course.

By order of the Board

**Renrui Human Resources Technology Holdings Limited**

**Zhang Jianguo**

*Chairman and Chief Executive Officer*

The PRC, 31 August 2021

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