



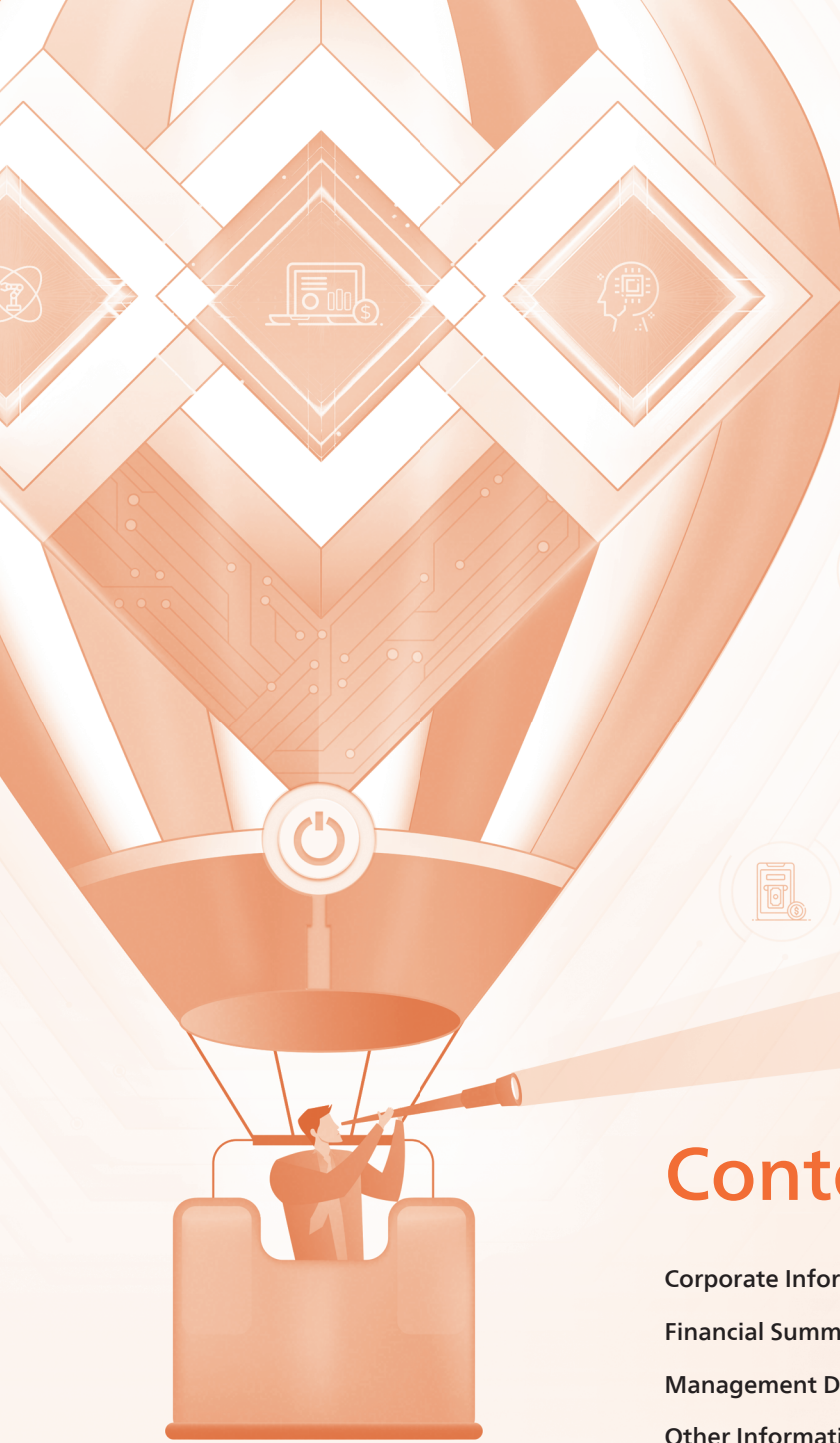
INTERIM REPORT  
**2024**



**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



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Zhang Jianguo (*Chairman and Chief Executive Officer*)  
Mr. Zhang Feng  
Ms. Zhang Jianmei

### Non-executive Director

Mr. Chen Rui

### Independent Non-executive Directors

Ms. Chan Mei Bo Mabel  
Mr. Shen Hao  
Mr. Leung Ming Shu

## JOINT COMPANY SECRETARIES

Ms. Chen Chen  
Ms. Siu Pui Wah

## AUTHORIZED REPRESENTATIVES

Mr. Zhang Feng  
Ms. Siu Pui Wah

## AUDIT COMMITTEE

Mr. Leung Ming Shu (*Chairman*)  
Ms. Chan Mei Bo Mabel  
Mr. Shen Hao

## REMUNERATION COMMITTEE

Ms. Chan Mei Bo Mabel (*Chairlady*)  
Mr. Zhang Jianguo  
Mr. Shen Hao

## NOMINATION COMMITTEE

Mr. Zhang Jianguo (*Chairman*)  
Ms. Chan Mei Bo Mabel  
Mr. Shen Hao

## INVESTMENT AND COMPLIANCE COMMITTEE

Mr. Chen Rui (*Chairman*)  
Mr. Zhang Jianguo  
Mr. Leung Ming Shu

## INDEPENDENT AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
22/F, Prince's Building  
Central  
Hong Kong

## HONG KONG LEGAL ADVISOR

Hogan Lovells  
11th Floor, One Pacific Place  
88 Queensway  
Hong Kong

## PRC LEGAL ADVISOR

Commerce & Finance Law Offices  
13th Floor  
China World Office 2  
No. 1 Jianguomenwai Avenue  
Beijing 100004, PRC



# Corporate Information

## CORPORATE HEADQUARTERS

No. 601, 602, 603, 6/F, Block 3  
No. 688 Mid-Section Tianfu Avenue  
Chengdu High-tech Zone  
Free Trade Pilot Zone  
Sichuan  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

19/F, Golden Centre  
188 Des Voeux Road Central  
Hong Kong

## COMPANY WEBSITE

[www.renruihr.com](http://www.renruihr.com)

## STOCK CODE

6919

## REGISTERED OFFICE

Maples Corporate Services Limited  
PO Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

## PRINCIPAL SHARE REGISTRAR IN CAYMAN ISLANDS

Maples Fund Services (Cayman) Limited  
PO Box 1093, Boundary Hall  
Cricket Square  
Grand Cayman  
KY1-1102  
Cayman Islands

## HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## PRINCIPAL BANKS

Standard Chartered Hong Kong Branch  
China Merchants Bank Co., Ltd.  
Bank of China Limited

# Financial Summary

## CONDENSED CONSOLIDATED INCOME STATEMENT

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	2,482,348	2,068,304
Gross profit	230,442	167,512
Operating profit	31,487	23,402
Profit before income tax	20,393	20,072
Profit for the period attributable to equity holders of the Company	21,853	10,058
Earnings per share (expressed in RMB per share)		
– Basic earnings per share	0.14	0.07
– Diluted earnings per share	0.14	0.06
	(Unaudited)	(Unaudited)
<b>Non-HKFRS measures</b>		
Adjusted profit attributable to the equity holders of the Company <sup>(1)</sup>	31,154	22,439

## CONDENSED CONSOLIDATED BALANCE SHEET

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
	Assets	
Non-current assets	551,148	537,579
Current assets	1,913,297	1,753,778
Total assets	2,464,445	2,291,357
Equity		
Total equity	1,510,297	1,504,528
Liabilities		
Non-current liabilities	23,905	18,614
Current liabilities	930,243	768,215
Total liabilities	954,148	786,829
Total equity and liabilities	2,464,445	2,291,357

# Financial Summary

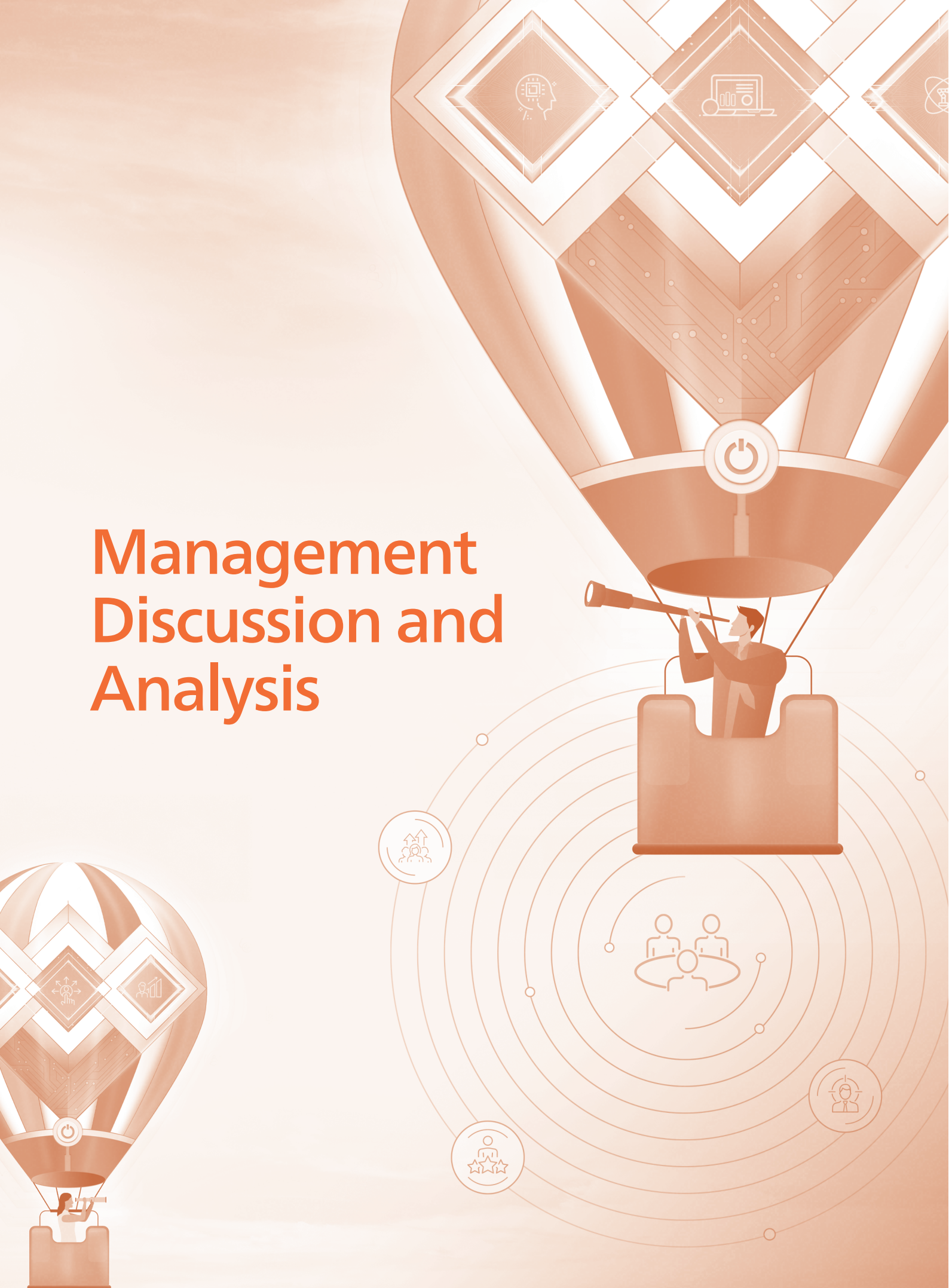
## KEY FINANCIAL RATIOS

	For the Six months ended 30 June	
	2024	2023
Gross margin (%)	9.3	8.1
Adjusted net margin attributable to the equity holders of the Company (%) <sup>(2)</sup>	1.3	1.1
	Six months ended 30 June 2024	Year ended 31 December 2023
Adjusted trade and notes receivables turnover days (days) <sup>(3)</sup>	98	86
	30 June 2024	31 December 2023
Adjusted current ratio (times) <sup>(4)</sup>	2.0	2.2

### Notes:

- (1) Adjusted profit attributable to the equity holders of the Company refer to the profit attributable to the equity holders of the Company excluding items which do not relate to the ordinary course of business of the Group and are non-recurring in nature, including amortisation of intangible assets resulting from acquisition, net fair value gain or loss in relation to equity investments and share-based payment expenses. Adjusted profit attributable to the equity holders of the Company are not measures required by or presented in accordance with HKFRS. The use of such non-HKFRS measures has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of, the Company's results of operations or financial condition as reported under HKFRS.
- (2) Adjusted net margin attributable to the equity holders of the Company is calculated as the adjusted profit attributable to the equity holders of the Company as a percentage of the revenue for the same period.
- (3) Calculated as the average balance of trade and notes receivables (excluding the labour costs arising from provision of labour dispatch services) at the beginning and end of a period divided by revenue in such period then multiplied by the number of days in such period.
- (4) Adjusted current ratio is calculated as the adjusted current assets divided by the current liabilities at the end of each financial period. The adjusted current assets is defined as the current assets excluding the Net Proceeds received and unutilised, where applicable.

# Management Discussion and Analysis



# Management Discussion and Analysis

## BUSINESS REVIEW AND OUTLOOK

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

Throughout the year, while the economic environment has seen a gradual recovery, the overall employment market and human resources industry are still facing challenges. In the face of these challenges, we have focused on our core advantages and boldly explored new clients and markets to achieve growth. Firstly, the development of digital transformation and new quality productive forces has brought about structural changes to China's economy and industries, creating a robust foundation for new opportunities in our digital talent business. The rapid evolution of skill requirements in new industries and new job positions has resulted in a structural shortage of digital talent, with the talent gap continuing to widen. Secondly, the intensifying competition among enterprises has made cost reduction and efficiency improvement the primary

focus of enterprise management. Our professional human resources outsourcing services leverage dynamic and efficient human resources allocation and management to create economic benefits for enterprises, addressing our clients' key concerns in cost reduction, efficiency improvement, and risk management. Thirdly, the fluctuating domestic demand and the current stage of economic cycle have prompted a number of Chinese enterprises to expand into overseas markets. We proactively pursue new growth opportunities by leveraging our accumulated large-scale clients' resources and professional service capabilities to serve the overseas business of our existing key clients.

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

- Digital Talent Business: The revenue from digital technology and cloud services amounted to approximately RMB948.2 million for the first half of 2024, representing an increase of approximately 28.8% compared to the same period in 2023, and the scale was further expanded. It contributed 38.2% to total revenue and 56.1% to gross profit, driving the Company's gross profit margin to increase from 8.1% in the first half of 2023 to 9.3% in the first half of 2024. In terms of clients, we continued to develop new clients and further strengthened the screening and management of valuable clients to achieve client revenue growth and profit management, and improved client stickiness and gained more market share through differentiated services and improvement of client satisfaction. We have achieved strong growth in various industries including intelligent manufacturing and automotive, communications, energy and finance as well as technology and internet industries, with more than 500 flexible staffing employees engaged by top clients. We have also formed a large-scale client pool, with around 20 clients each engaging over 100 flexible staffing employees. As at 30 June 2024, the Company provided approximately 10,230 IT and digital talents to our clients. As business scale continues to expand, our gross profit margin still has room for improvement. In the first half of 2024, in addition to client expansion, we strengthened employee management empowerment, including flexible staffing employee lifecycle management, improvement of employee service value and capability through training, etc., to



## Management Discussion and Analysis

- improve employee satisfaction and reduce employee turnover rate. In addition, besides the digital talent recruitment center, we further expanded the digital talent sharing center and built a system-based digital talent business center to enhance the support and efficiency of our business processes such as business support, quality control, labor relations management, project management and talent cultivation, and to further reduce our operating costs. In the first half of 2024, the Company's per capita recruitment costs and service costs decreased as compared to the first half of 2023.
- General Service Outsourcing: The revenue generated from general service outsourcing was approximately RMB1,376.0 million, representing an increase of approximately 15.3% compared with the same period in 2023, which was mainly attributable to the growth in business demand from strategic and large-scale clients and the expansion of customer base, as well as the remarkable performance of new clients. We focused on large-scale client strategy and achieved high client retention with client satisfaction rate improved. While being deeply engaged in the Internet and technology industry, we expanded our client base across various industries such as retail, new energy, logistic and automotive. Extending to job positions with higher value and longer terms such as finance, legal, HR and administration brought us new opportunities from both existing clients and new clients. As at 30 June 2024, we have around 24,000 flexible staffing employees engaged by our clients for the general service outsourcing business, among which high-value positions relating to finance, legal, HR and administration have grown rapidly, and the service value drives the average service fees rate to increase steadily.
  - Our businesses such as digital operation and customer services, professional recruitment and other HR solutions have also achieved year-on-year growth. Our value lies in enhancing client experience and satisfaction through adhering to customer-centricity. It is precisely because of our advantages in service that we have gained the opportunity to grow when there was an expansion in demand from new and existing clients.
  - With the continuous changes in the market environment and clients' growing demand for HR services in overseas markets, we have also developed a new international business strategy this year to serve the overseas business of our existing key clients. Following this strategy, we promptly set up an international, young and professional talent team. For overseas business, we are making efforts to establish similar advantages that we have accumulated in domestic market for many years, namely providing timely feedback in response to client needs so as to provide efficient overseas recruitment services, outsourcing services, employer of record services, payroll services and cross-regional employment management solutions.

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

## Management Discussion and Analysis

Our candidate database has also been further expanded, and our efforts in data security governance provided a solid guarantee for data security. The database serves as a centralised repository of candidate profiles, allowing us to rapidly access and evaluate potential candidates for various positions. As a result, we can effectively match the right talent with the right job openings in a safe and timely manner, thereby enhancing our recruitment efficiency.

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

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

Looking forward, China's economy is steadily progressing towards recovery. According to data from the National Bureau of Statistics, GDP of China in the first half of 2024 reached approximately RMB62 trillion, representing a year-on-year increase of 5.0%. The Chinese government is launching a series of measures to stabilise and stimulate the economy and employment, including measures for accelerating the development of digital economy and supporting policies for multiple industries. In April 2024, the National Development and Reform Commission and the National Data Administration issued the "Work Points for Digital Economy in 2024" (《數字經濟2024年工作要點》) to support high-quality development of the digital economy, which outlines nine measures for implementation, including advancing digital infrastructure, digital transformation of manufacturing, new digital industries, digital government, digital life, digital economy and trade and network security etc.. In the same month, the Ministry of Human

Resources and Social Security issued the "Action Plan for Accelerating the Cultivation of Digital Talents to Support the Development of the Digital Economy (2024-2026)" (《加快數字人才培育支撐數字經濟發展行動方案(2024—2026年)》) to support the talent needs for the development of the digital economy. The Ministry of Human Resources and Social Security has issued "Notice on the Implementation of the Action Plan for the Innovation and Development of Human Resources Services (2023-2025)" (《關於實施人力資源服務創新發展行動計劃(2023-2025)通知》), to encourage the deep integration of digital technology and human resources management services, support human resources service companies to use emerging technologies, and accelerate the realisation of data-based business and intelligent operations. We will seize such a development opportunity of digital intelligence for industries to further develop and expand our integrated HR services and digital technology solutions.

During the economic and industry cycles, as more companies start to prioritise cost reduction and resources optimisation and shift their focus to core businesses, our expertise in recruitment and HR management positions us to help businesses achieve their cost-saving goals. The improvement of the market supervision system has also prompted companies to pay attention to corporate governance and risk management. Our rich experience in employment compliance management and customized solutions can help companies in achieving sustainable talent strategies. We will continue to enhance our core competitiveness to meet client needs by improving our service capabilities and labour efficiency through technology and management.

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

Therefore, we remain optimistic about the long-term sustainable growth potential of the Group. We will seize market opportunities, look for growth points, expand our market presence and deliver value to our clients through continuously expanded and diversified service products and professional service capabilities. The Directors are confident in the future prospects of the Group and our ability to contribute to the ongoing development of China's economy.

# Management Discussion and Analysis

## Awards and Recognitions

During the six months ended 30 June 2024, we received the following awards:

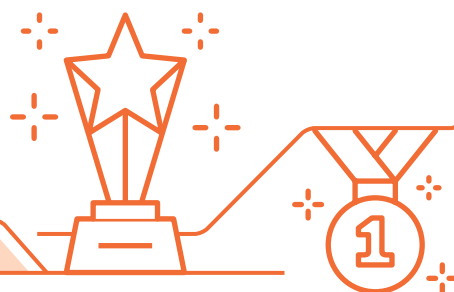


### March 2024

Renrui Human Resources was granted “2024 Top 100 HR Service Provider” by TopHR

### April 2024

Renrui Human Resources was granted “2023 Top 100 HR Service Provider” by HRoot



## POLICY AND REGULATION REVIEW

In July 2024, the PRC government has introduced new elements to human resources services and digital technology solution provider through “the Resolution on Further Deepening Reform Comprehensively to Advance Chinese Modernization” (《關於進一步全面深化改革、推進中國式現代化的決定》) (the “**Resolution**”).

According to the Resolution, in terms of human resources and social security, which is a key issue for the Company’s business development, to actively respond to population aging, the policies and mechanisms for developing elderly care programs and industries will be refined to develop the silver economy and support the creation of diverse jobs tailored to elderly people. In line with the principle of voluntary participation with appropriate flexibility, reform will be advanced to gradually raise the statutory retirement age in a prudent and orderly manner. Meanwhile, the social security system will be improved by improving the system for unified national management of basic old-age insurance funds and the unified national platform for social insurance public services. A sound social security system is to be built to serve alternative workforce, rural migrant workers, and those in new forms of employment, and expand the coverage of unemployment insurance, workers’ compensation, and childbirth insurance programs. Restrictions preventing people from accessing social security in the places where they work but do not hold permanent residency are to be lifted and that policies for transferring social security accounts are to be improved. These elements will be conducive to the long term development of human resources industry.

In terms of digital economy, the Resolution provides plans to improve the systems for promoting full integration between the real economy and the digital economy. It is expected that PRC government will move faster to establish institutions and mechanisms to promote the development of the digital economy and refine the policy system for developing the digital industry and transforming traditional industries with the aid of digital technologies. The application of next-generation information technology at all stages and in all dimensions will be promoted, including the development of the Industrial Internet and establishment of digital industry clusters with international competitiveness. The innovative development of the platform economy will be pushed forward while the legal regime for regulation will be improved.

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 June 2024, the total revenue of the Group amounted to approximately RMB2,482.3 million, representing an increase of approximately 20.0% as compared to that of approximately RMB2,068.3 million for the six months ended 30 June 2023. Such increase was mainly due to the realisation of growth in all business segments, especially the rapid growth in revenue from digital technology and cloud services business.

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

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

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

### *Comprehensive Flexible Staffing*

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



## Management Discussion and Analysis

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

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

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

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

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

For the six months ended 30 June 2024, revenue from professional recruitment and other HR solutions amounted to approximately RMB25.9 million, as compared to approximately RMB17.1 million for the same period of 2023, the increase of which was mainly due to the increase in revenue of other HR solutions, which include training and development courses, labour dispatch services and consultation services.

# Management Discussion and Analysis

## Cost

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

For the six months ended 30 June 2024, the Group's total cost amounted to approximately RMB2,251.9 million, representing an increase of approximately 18.5% as compared to that of approximately RMB1,900.8 million for the six months ended 30 June 2023. The increase in cost was in line with our increase in revenue during the same period as we continued to attract and serve more clients and scale up our operations.

## Gross Profit and Gross Profit Margin

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

	Six months ended 30 June			
	2024		2023	
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%
Comprehensive flexible staffing	218,032	8.9	161,116	7.9
Professional recruitment and other HR solutions	12,410	47.8	6,396	37.4
<b>Total</b>	<b>230,442</b>	<b>9.3</b>	167,512	8.1

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

The gross profit margin of comprehensive flexible staffing services was approximately 8.9% for the six months ended 30 June 2024, as compared to 7.9% in the same period last year, the increase of which was mainly attributable to the increased proportion of projects of high-value digital and IT positions as well as positions such as finance, legal, procurement, HR. Meanwhile, digital business systems continue to enhance the benefit of our talent service operation. The gross profit margin for professional recruitment and other HR solutions was approximately 47.8% for the six months ended 30 June 2024 as compared to 37.4% in the same period last year, which was mainly due to the increase in revenue contribution from other HR solutions which features higher gross profit margin.

## Management Discussion and Analysis

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

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

### Selling and Marketing Expenses

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

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

# Management Discussion and Analysis

## R&D Expenses

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

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

## Administrative Expenses

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

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

## HR

As at 30 June 2024, we had a total of approximately 39,372 employees including 1,072 internal employees and approximately 38,300 comprehensive flexible staffing employees. For the six months ended 30 June 2024, the Group's internal staff costs amounted to approximately RMB94.5 million (six months ended 2023: RMB130.5 million). The remuneration package for our employees generally includes salaries, bonuses and allowances. Other staff benefits include social insurance and housing provident contribution made by the Group and share options and share awards available under the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme. Our remuneration policies are formulated based on the performance of individual employees and benchmarked against the market with reference to the Company's long-term goals and objectives, and are reviewed regularly.

## Pre-IPO Share Option Schemes

Pursuant to the two pre-IPO share option schemes adopted by the Company 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, collectively, the "Pre-IPO Share Option Schemes"), as at 30 June 2024, options to subscribe for an aggregate of 17,674,100 Shares (representing approximately 11.3% of the total issued Shares of the Company) under the Pre-IPO Share Option Schemes remained outstanding. During the six months ended 30 June 2024, no options granted under the Pre-IPO Share Option Schemes had been exercised, lapsed nor forfeited in accordance with the terms of the Pre-IPO Share Option Schemes. No option was cancelled under the Pre-IPO Share Option Schemes for the six months ended 30 June 2024. No further options shall be granted under the Pre-IPO Share Option Schemes after the Listing Date. Therefore, no option was granted under the Pre-IPO Share Option Schemes for the six months ended 30 June 2024.



# Management Discussion and Analysis

Details of movements in the share options granted under the Pre-IPO Share Option Schemes during the six months ended 30 June 2024 are as follows:

Category and Name of grantee	Date of grant of share options	Outstanding as at 1 January 2024	Number of share options			Outstanding as at 30 June 2024	Vesting period of share options	Exercise price of share options
			Granted during the six months ended 30 June 2024	Exercised during the six months ended 30 June 2024	Lapsed during the six months ended 30 June 2024			
<b>Executive Directors</b>								
Mr. Zhang Feng	31 January 2013 and 20 February 2013	455,800	–	–	–	455,800 <i>(Note 2)</i>	One-fourth of options vested on the day immediately following the expiry of a period of 6 months, 12 months, 18 months and 24 months after the Listing Date, respectively	USD0.1111
Ms. Zhang Jianmei	31 January 2013, 20 February 2013 and 16 October 2018	928,800	–	–	–	928,800 <i>(Note 2)</i>	One-fourth of options vested on the day immediately following the expiry of a period of 6 months, 12 months, 18 months and 24 months after the Listing Date, respectively	USD0.1111 - USD0.88
In aggregate		1,384,600	–	–	–	1,384,600		
<b>Other management members and employees of our Group</b>								
In aggregate	31 January 2013 – 31 July 2019	13,694,600	–	–	–	13,694,600 <i>(Note 2)</i>	Mid-senior level management: one-fourth of options vested on the day immediately following the expiry of a period of 6 months, 12 months, 18 months and 24 months after the Listing Date, respectively  Non-managerial employee: one-third of options vested on the day immediately following the expiry of a period of 6 months, 12 months and 18 months after the Listing Date, respectively	USD0.1111 - USD2.80
<b>Other participants <i>(Note 1)</i></b>								
In aggregate	31 January 2013 – 5 November 2018	2,594,900	–	–	–	2,594,900 <i>(Note 2)</i>	Mid-senior level management: one-fourth of options vested on the day immediately following the expiry of a period of 6 months, 12 months, 18 months and 24 months after the Listing Date, respectively  Non-managerial employee: one-third of options vested on the day immediately following the expiry of a period of 6 months, 12 months and 18 months after the Listing Date, respectively	USD0.1111 - USD0.88
<b>Total</b>		<b>17,674,100</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>17,674,100</b>		

*Note 1:* They include former mid-senior level management members, former non-managerial employees of our Group and consultants.

*Note 2:* Exercise period of the outstanding options is eight years from the adoption date of the Pre-IPO Share Option Schemes, subject to the vesting period and shall only commence after the Listing Date.

Further details of the Pre-IPO Share Options Scheme are set out on pages IV-29 to IV-48 of the Prospectus.

# Management Discussion and Analysis

## Post-IPO Share Option Scheme

Pursuant to the Post-IPO Share Option Scheme, as at 30 June 2024, options to subscribe for an aggregate of 14,085,900 Shares (representing approximately 9.0% of the total issued Shares of the Company) under the Post-IPO Share Option Scheme remained outstanding. During the six months ended 30 June 2024, 3,750,000 options had been granted, 2,293,700 options had lapsed or forfeited in accordance with the terms of the Post-IPO Share Option Scheme, while no option had been exercised nor cancelled under the Post-IPO Share Option Scheme.

Please refer to Note 8(a) to the condensed consolidated interim financial information for the six months ended 30 June 2024 contained in this interim report for fair value of the share options granted under the Post-IPO Share Option Scheme for the six months ended 30 June 2024, which were calculated using the Binomial option-pricing model as at the date of grant. Given the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of Binomial model itself, the fair value calculated using Binomial model are subject to certain fundamental limitations.

The number of options available for grant under the Post-IPO Share Option Scheme as at 1 January 2024 and 30 June 2024 was 2,424,347 and 968,047, respectively.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company for the six months ended 30 June 2024 (being 3,750,000) divided by the weighted average number of the Shares (excluding Shares held for share-based payment scheme) for the six months ended 30 June 2024 was approximately 2.5%.

## Management Discussion and Analysis

Details of movements in the share options granted under the Post-IPO Share Option Scheme during the six months ended 30 June 2024 are as follows:

Category and Name of grantee	Date of grant of share options	Outstanding as at 1 January 2024	Number of share options		Lapsed during the six months ended 30 June 2024	Outstanding as at 30 June 2024	Vesting period of share options	Exercise price of share options
			Granted during the six months ended 30 June 2024	Exercised during the six months ended 30 June 2024				
<b>Executive Directors</b>								
Mr. Zhang Feng	2 May 2023	300,000	—	—	(120,000)	180,000	For Options granted on 2 May 2023, (i) one-third (1/3) of the Options shall be vested on the day immediately following the expiry of a period of 12 months after the Date of Grant; (ii) another one-third (1/3) of the Options shall be vested on the day immediately following the expiry of a period of 24 months after the Date of Grant; and (iii) another one-third (1/3) of the Options shall be vested on the day immediately following the expiry of a period of 36 months after the Date of Grant. <i>(Note 1)</i>	HK\$4.28
	28 March 2024	—	200,000	—	—	200,000	For Options granted on 28 March 2024, (i) one-third (1/3) of the Options shall be vested on the day immediately following the expiry of a period of 12 months after the Date of Grant; (ii) another one-third (1/3) of the Options shall be vested on the day immediately following the expiry of a period of 24 months after the Date of Grant; and (iii) remaining one-third (1/3) of the Options shall be vested on the day immediately following the expiry of a period of 36 months after the Date of Grant. <i>(Note 2)</i>	HK\$3.79
Ms. Zhang Jianmei	2 May 2023	300,000	—	—	(60,000)	240,000	For Options granted on 2 May 2023, (i) one-third (1/3) of the Options shall be vested on the day immediately following the expiry of a period of 12 months after the Date of Grant; (ii) another one-third (1/3) of the Options shall be vested on the day immediately following the expiry of a period of 24 months after the Date of Grant; and (iii) another one-third (1/3) of the Options shall be vested on the day immediately following the expiry of a period of 36 months after the Date of Grant. <i>(Note 1)</i>	HK\$4.28
	28 March 2024	—	250,000	—	—	250,000	For Options granted on 28 March 2024, (i) one-third (1/3) of the Options shall be vested on the day immediately following the expiry of a period of 12 months after the Date of Grant; (ii) another one-third (1/3) of the Options shall be vested on the day immediately following the expiry of a period of 24 months after the Date of Grant; and (iii) remaining one-third (1/3) of the Options shall be vested on the day immediately following the expiry of a period of 36 months after the Date of Grant. <i>(Note 2)</i>	HK\$3.79

# Management Discussion and Analysis

Category and Name of grantee	Date of grant of share options	Outstanding as at 1 January 2024	Number of share options			Outstanding as at 30 June 2024	Vesting period of share options	Exercise price of share options
			Granted during the six months ended 30 June 2024	Exercised during the six months ended 30 June 2024	Lapsed during the six months ended 30 June 2024			
<b>Independent non-executive Directors</b>								
Ms. Chan Mei Bo Mabel	22 January 2021	40,000	–	–	–	40,000	For Options granted on 22 January 2021, (i) half (1/2) of the Option shall be vested on the day immediately following the expiry of a period of 4 months after the Date of Grant; and (ii) another half (1/2) of the Option shall be vested on the day immediately following the expiry of a period of 16 months after the Date of Grant	HK\$27.3
	17 June 2022	40,000	–	–	–	40,000	The Options granted on 17 June 2022 shall be vested on the day immediately following the expiry of a period of 12 months after the Date of Grant	HK\$5.99
Mr. Shen Hao	22 January 2021	40,000	–	–	–	40,000	For Options granted on 22 January 2021, (i) half (1/2) of the Option shall be vested on the day immediately following the expiry of a period of 4 months after the Date of Grant; and (ii) another half (1/2) of the Option shall be vested on the day immediately following the expiry of a period of 16 months after the Date of Grant	HK\$27.3
	17 June 2022	40,000	–	–	–	40,000	The Options granted on 17 June 2022 shall be vested on the day immediately following the expiry of a period of 12 months after the Date of Grant	HK\$5.99
Mr. Leung Ming Shu	22 January 2021	40,000	–	–	–	40,000	For Options granted on 22 January 2021, (i) half (1/2) of the Option shall be vested on the day immediately following the expiry of a period of 4 months after the Date of Grant; and (ii) another half (1/2) of the Option shall be vested on the day immediately following the expiry of a period of 16 months after the Date of Grant	HK\$27.3
	17 June 2022	40,000	–	–	–	40,000	The Options granted on 17 June 2022 shall be vested on the day immediately following the expiry of a period of 12 months after the Date of Grant	HK\$5.99



## Management Discussion and Analysis

Category and Name of grantee	Date of grant of share options	Outstanding as at 1 January 2024	Number of share options			Outstanding as at 30 June 2024	Vesting period of share options	Exercise price of share options
			Granted during the six months ended 30 June 2024	Exercised during the six months ended 30 June 2024	Lapsed during the six months ended 30 June 2024			
<b>Other management members and employees of our Group</b>								
In aggregate	22 January 2021	340,200	–	–	–	340,200	(i) one-third (1/3) of the Option shall be vested on the day immediately following the expiry of a period of 16 months after the Date of Grant; (ii) another one-third (1/3) of the Option shall be vested on the day immediately following the expiry of a period of 28 months after the Date of Grant; and (iii) another one-third (1/3) of the Option shall be vested on the day immediately following the expiry of a period of 40 months after the Date of Grant ( <i>Note 3</i> )	HK\$27.3
	16 July 2021	1,422,900	–	–	(47,000)	1,375,900	(i) one-third (1/3) of the Options shall be vested on the day immediately following the expiry of a period of 12 months after the Date of Grant; (ii) another one-third (1/3) of the Options shall be vested on the day immediately following the expiry of a period of 24 months after the Date of Grant; and (iii) another one-third (1/3) of the Options shall be vested on the day immediately following the expiry of a period of 36 months after the Date of Grant	HK\$10.668
	17 June 2022	4,188,500	–	–	(197,400)	3,991,100	(i) one-third (1/3) of the Options shall be vested on the day immediately following the expiry of a period of 12 months after the Date of Grant; (ii) another one-third (1/3) of the Options shall be vested on the day immediately following the expiry of a period of 24 months after the Date of Grant; and (iii) another one-third (1/3) of the Options shall be vested on the day immediately following the expiry of a period of 36 months after the Date of Grant ( <i>Note 4</i> )	HK\$5.99
	2 May 2023	5,838,000	–	–	(1,869,300)	3,968,700	(i) one-third (1/3) of the Options shall be vested on the day immediately following the expiry of a period of 12 months after the Date of Grant; (ii) another one-third (1/3) of the Options shall be vested on the day immediately following the expiry of a period of 24 months after the Date of Grant; and (iii) another one-third (1/3) of the Options shall be vested on the day immediately following the expiry of a period of 36 months after the Date of Grant ( <i>Note 1</i> )	HK\$4.28
	28 March 2024	–	3,300,000	–	–	3,300,000	(i) one-third (1/3) of the Options shall be vested on the day immediately following the expiry of a period of 12 months after the Date of Grant; (ii) another one-third (1/3) of the Options shall be vested on the day immediately following the expiry of a period of 24 months after the Date of Grant; and (iii) remaining one-third (1/3) of the Options shall be vested on the day immediately following the expiry of a period of 36 months after the Date of Grant ( <i>Note 2</i> )	HK\$3.79
<b>Total</b>		<b>12,629,600</b>	<b>3,750,000</b>	<b>–</b>	<b>(2,293,700)</b>	<b>14,085,900</b>		

# Management Discussion and Analysis

## Note 1:

The vesting of the options is conditional upon the achievement of targeted level of certain key performance indicators, including net profit and service fee premium for the year ended 31 December 2023 set for each specific team of different departments. In the event that the performance targets are not achieved, the options shall vest in proportion to the actual performance as resolved by the Board and the unvested portion of the options shall lapse.

## Note 2:

The vesting of the options is conditional upon the fulfilment of key performance indicators for the year ending 31 December 2024 determined based on the positions and departments of the respective grantees, including indicators relating to management performance and financial targets comprising service premium and net profit generated from the specific department of the grantees. In the event that the respective key performance indicators are not achieved, the options will not be vested and shall lapse.

## Note 3:

The entitlement of the options by the employees of the Group is conditional upon the fulfilment of the performance targets which comprises (a):

Adjusted net profit* of the Group for the year ending 31 December 2021	Number of Shares entitled upon exercise of options in full
Less than RMB250 million	60% of the maximum number of Shares
RMB250 million to RMB260 million	80% of the maximum number of Shares
More than RMB260 million	100% of the maximum number of Shares

and/or (b) other individual targets such as the service premium charged on cash basis, the flexible staffing service premium, the number of BPO seats and the number of flexible staffing employees deployed to the IT industry.

\* Adjusted net profit refers to the net profit for the year excluding share-based payment expenses.

## Note 4:

The exercise of the options by certain employees of the Group is conditional upon the fulfilment of certain performance targets relating to the Group's financial and business performance for the year ended 31 December 2022, depending on the position and department of the grantees.

## Note 5:

For options granted on 22 January 2021, the exercise period was from 22 January 2021 to 21 January 2031. For options granted on 16 July 2021, the exercise period was from 16 July 2021 to 15 July 2031. For options granted on 17 June 2022, the exercise period was from 17 June 2022 to 16 June 2032. For options granted on 2 May 2023, the exercise period was from 2 May 2023 to 1 May 2033. For options granted on 28 March 2024, the exercise period was from 28 March 2024 to 27 March 2034.

## Note 6:

For options granted on 22 January 2021, the closing price of the Shares immediately before the date on which the options were granted, being 21 January 2021, was HK\$28.35. For options granted on 16 July 2021, the closing price of the Shares immediately before the date on which the options were granted, being 15 July 2021, was HK\$10.68. For options granted on 17 June 2022, the closing price of the Shares immediately before the date on which the options were granted, being 16 June 2022, was HK\$5.55. For options granted on 2 May 2023, the closing price of the Shares immediately before the date on which the options were granted, being 28 April 2023, was HK\$3.83. For options granted on 28 March 2024, the closing price of the Shares immediately before the date on which the options were granted, being 27 March 2024, was HK\$3.80.

Further details of the Post-IPO Share Option Scheme are set out on pages IV-48 to IV-58 of the Prospectus.

## SHARE AWARD SCHEME

Pursuant to our Post-IPO Share Award Scheme, on 22 January 2021, a total of 2,300,000 award shares were granted by the Company to 29 awardees, none of whom is connected persons, pursuant to the Post-IPO Share Award Scheme. Those award shares will be settled in the form of payment of the actual selling price, netting of the benchmarked price of HK\$25 per award share and related charges, in cash upon the vesting of such award. For further details, please refer to the Company's announcement dated 22 January 2021.

## Management Discussion and Analysis

Details of movements in the share awards granted under the Post-IPO Share Award Scheme involving the existing Shares for the six months ended 30 June 2024 are as follows:

Category of grantee	Date of grant	Unvested as at 1 January 2024	Number of share awards			Unvested as at 30 June 2024	Vesting period	Benchmarked share price per award share
			Granted during the six months ended 30 June 2024	Vested during the six months ended 30 June 2024	Cancelled during the six months ended 30 June 2024			
Five highest paid individuals	22 January 2021	67,400	—	(67,400) <i>(Note 2)</i>	—	—	(i) one-third (1/3) of the total number of the Award Shares shall be vested on the date immediately following the expiry of a period of 12 months after the date of grant; (ii) another one-third (1/3) of the total number of the Award Shares shall be vested on the date immediately following the expiry of a period of 24 months after the date of grant; and (iii) another one-third (1/3) of the total number of the Award Shares shall be vested on the date immediately following the expiry of a period of 36 months after the date of grant <i>(Note 1)</i>	HK\$25
In aggregate								
Other employees of the Group	22 January 2021	393,600	—	(372,600) <i>(Note 2)</i>	—	(21,000)		
In aggregate								
<b>Total</b>		461,000	—	(440,000) <i>(Note 2)</i>	—	(21,000)		

*Note 1:* The Awards shall be vested subject to the relevant awardee remaining as an eligible person under the Post-IPO Share Award Scheme on or before the vesting dates, with no performance target attached thereto.

*Note 2:* The closing price of the Shares immediately before the date on which the Award Shares were vested, being 19 January 2024, was HK\$5.2. Pursuant to the rules of the Post-IPO Share Awards, upon vesting of the Awards, the Board shall direct and procure the trustee to sell the Award Shares and pay the grantee the proceeds arising from such sale after netting off the benchmarked share price and related charges; provided that the Board shall not direct the trustee to sell the relevant Award Shares whereby the prevailing market price of the Shares is lower than the benchmarked share price. In light of the prevailing market price being lower than the benchmarked share price for the six month ended 30 June 2024, no Award Share was directed to be sold.

The number of Award Shares available for grant under the Post-IPO Share Award Scheme as at 1 January 2024 and 30 June 2024 was 13,362,947 and 13,383,947, respectively.

Further details of the Post-IPO Share Award Scheme are set out on pages IV-58 to IV-65 of the Prospectus and the Company's announcement dated 26 June 2020.

# Management Discussion and Analysis

## Other Income

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

## Other Losses, Net

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

## Provision for Net Impairment Losses on Financial Assets

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

## Operating Profit

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

## Finance Income

Our finance income for the six months ended 30 June 2024 amounted to approximately RMB2.3 million, remaining substantially the same as approximately RMB2.2 million for the six months ended 30 June 2023. Finance income mainly includes the income from monetary investments acquired by the Group with idle funds or the interest income generated from bank deposits.

## Finance Costs

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

## Share of Results of Joint Ventures and Associates Accounted for Using the Equity Method

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

## Profit before Income Tax

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

## Profit for the Period

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

# Management Discussion and Analysis

## Profit Attributable to the Equity Holders of the Company

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

## Non-HKFRS Measures

To supplement our consolidated financial statements which are presented in accordance with the HKFRS, we also presented adjusted profit for the period and adjusted profit attributable to the equity holders of the Company as additional financial measures, which are not required by, nor presented in accordance with, the HKFRS. The following table reconciles our non-HKFRS financial measures in each period presented to the financial measures prepared in accordance with HKFRS:

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

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

# Management Discussion and Analysis

## Net Current Assets

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

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

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

## Trade and Notes Receivables

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

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



# Management Discussion and Analysis

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

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

Notes:

- (1) Calculated as the average balance of trade receivables at the beginning and end of a period divided by the revenue for the period then multiplied by the number of days (i.e. 365 days for a year and 180 days for six months).
- (2) Calculated as the average balance of trade and notes receivables (excluding the labour costs arising from the provision of labour dispatch services) at the beginning and end of a period divided by the revenue for the period then multiplied by the number of days in the period.

For the six months ended 30 June 2024, our trade and notes receivables turnover days was 104 days, and the adjusted trade and notes receivables turnover days was 98 days, representing an increase as compared to 2023, mainly because (i) the credit period granted to clients of digital technology and cloud services business is generally within 90 days, longer than the previous maximum credit period of 70 days; (ii) the percentage of digital technology and cloud services business has further increased; and (iii) the credit period for Shanghai Sirui is generally within 155 days, resulting in a longer collection period of overall trade and notes receivable. The actual collection period for most clients is within the credit period of 10 days to 155 days.

## Prepayments, Deposits and Other Receivables

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

## Financial Assets at FVOCI

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

## Financial Assets at Fair Value through Profit or Loss

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

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

# Management Discussion and Analysis

## Trade and Other Payables

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

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

## Current Income Tax Liabilities

As at 30 June 2024, our current income tax liabilities amounted to approximately RMB15.9 million, representing an increase of approximately RMB4.0 million as compared to that of approximately RMB11.9 million as at 31 December 2023.

## Borrowings

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

## Property, Plant and Equipment

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

## Intangible Assets

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

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

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

## Investments in Associates Accounted for Using the Equity Method

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

## Deferred Income Tax Assets

As at 30 June 2024, the carrying amount of our deferred income tax assets was approximately RMB23.1 million, representing an increase of approximately 35.0% as compared to that of approximately RMB17.1 million as at 31 December 2023, which was mainly lease liabilities, as well as the deferred income tax provided for loss and other matters in the previous year.

# Management Discussion and Analysis

## KEY FINANCIAL RATIOS

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

	For the six months ended 30 June	
	2024	2023
Revenue growth	20.0%	19.3%
Gross profit margin	9.3%	8.1%
Adjusted net margin (non-HKFRS) <sup>(1)</sup>	1.4%	1.8%
Adjusted net margin attributable to equity holders of the Company (non-HKFRS) <sup>(1)</sup>	1.3%	1.1%
	30 June 2024	31 December 2023
Adjusted current ratio (times) <sup>(2)</sup>	2.0	2.2

Notes:

- (1) Adjusted net margin and adjusted net margin attributable to equity holders of the Company (non-HKFRS) are calculated as the adjusted profit for the period and adjusted profit attributable to the equity holders of the Company as a percentage of the revenue for the same period.
- (2) Adjusted current ratio is calculated as the adjusted current assets divided by the current liabilities at the end of the financial year/period. The adjusted current assets are defined as the current assets excluding the Net Proceeds received and unutilised, where applicable.

## Adjusted Current Ratio

As at 30 June 2024, the adjusted current ratio decreased to 2.0 from approximately 2.2 as at 31 December 2023. The Group's short-term solvency remains steady.

## Liquidity and Capital Resources

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

# Management Discussion and Analysis

## TREASURY POLICIES

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

## CASH FLOWS

### Net Cash Used in Operating Activities

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

### Net Cash Generated from Investing Activities

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

### Net Cash Generated from Financing Activities

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

## CAPITAL STRUCTURE

### Indebtedness

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

As at 30 June 2024, we had unutilised banking facilities of approximately RMB380.8 million.

Our bank facility is subject to the fulfilment of certain covenants, as are commonly found in lending arrangements with financial institutions. If we breach any covenants, the remaining unutilised amount may be reduced and the drawn down facilities and interest may become payable on demand. In the first half of 2024, all these covenants had been complied with by the Group.

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

# Management Discussion and Analysis

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

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

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

## CAPITAL EXPENDITURE

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

## OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at 30 June 2024, we had not entered into any material off-balance sheet commitments or arrangements.

## FOREIGN EXCHANGE RISK

The Group mainly operates in the PRC and most of the Group's transactions, assets and liabilities are denominated in RMB. However, given the Company's functional currency being USD, the Company was exposed to foreign exchange risk from the RMB denominated cash and cash equivalents and financial assets at FVOCI it held as at 30 June 2024. For the six months ended 30 June 2024, the Group recorded a net exchange loss of approximately RMB0.2 million in the condensed consolidated income statement.

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

# Management Discussion and Analysis

## CHARGES ON THE GROUP'S ASSETS

As at 30 June 2024, none of the Group's assets was pledged to secure banking facilities granted to the Group (31 December 2023: nil).

## CONTINGENT LIABILITIES

As at 30 June 2024 and 31 December 2023, the Group had no material contingent liabilities.

## MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

For the six months ended 30 June 2024, the Group has no material disposal of subsidiaries, associates or joint ventures of the Group nor material acquisitions or significant investments which would fall to be disclosed under the Listing Rules.

## FUTURE PLANS ON SIGNIFICANT INVESTMENTS

To strengthen our position as a leading comprehensive human resources solutions provider, we plan to utilise the Net Proceeds to carry out certain expansion projects. Details for the expansion projects are set out in the paragraph headed "USE OF NET PROCEEDS FROM THE GLOBAL OFFERING" in this report and the section headed "Future Plans and Use of Proceeds" in the Prospectus respectively.

## EVENTS OCCURRED AFTER THE REPORTING PERIOD

Save as disclosed in this report, there was no material event affecting the Group which has occurred since 30 June 2024.

## USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

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



## Management Discussion and Analysis

As detailed in the Company's announcements dated 8 March 2022 and 28 March 2023 respectively, in order to better utilize the financial resources of the Group, the Board has reviewed and revised the utilisation plan of the Net Proceeds. For the six months ended 30 June 2024, the Company has utilised the Net Proceeds in accordance with the revised utilisation plan and had utilised Net Proceeds of HK\$34.1 million. Details of the breakdown of the Net Proceeds utilised up to 30 June 2024 and the intended use of the unutilised Net Proceeds after the 2<sup>nd</sup> re-allocation on 28 March 2023 are set out below:

Intended use of Net Proceeds	Original allocation of Net Proceeds (HK\$ million)	Balance of Net Proceeds unutilised as at 31 December 2023 after 2 <sup>nd</sup> re-allocation (HK\$ million)	Amount of Net Proceeds utilised during the six months ended 30 June 2024 (HK\$ million)	Balance of Proceeds unutilised as at 30 June 2024 (HK\$ million)	Intended timetable for the use of the unutilised Net Proceeds
(i) Expand our geographic coverage to better support our clients and new opportunities	198.4	0	0	0	By 31 December 2023
(ii) Expand our industry coverage, mainly through acquisition and also through organic growth in the next three years, to capture demand for flexible staffing services we have observed in certain underserved and expanding industries, and specifically, to target our services to more financial institution, information technology industry and new retail clientele	168.7	25.3	4.5	20.8	By 31 December 2024
(iii) Expand our existing BPO and headhunting service offerings in the next three years in order to capture the expected growth potential in both service sectors	129.0	0	0	0	By 31 December 2023
(iv) Further enhance our integrated HR ecosystem and build up our capabilities in artificial intelligence and data mining technology	218.3	22.0	22.0	0	By 31 December 2024
(v) Further promote our brand and launch marketing and promotion activities	99.2	6.3	2.7	3.6	By 31 December 2024
(vi) Support our global expansion strategy in the next four years	79.4	20.3	4.8	15.5	By 31 December 2024
(vii) Working capital and general corporate purposes	99.2	0	0	0	By 31 December 2023
<b>Total</b>	<b>992.2</b>	<b>73.9</b>	<b>34.1</b>	<b>39.8</b>	

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

### DIVIDENDS

The Board does not recommend the payment of any interim dividends for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).

# Other Information

## CORPORATE GOVERNANCE CODE

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

The Company has applied the principles as set out in the CG Code. The Board is of the view that during the six months ended 30 June 2024, the Company has complied with all applicable code provisions as set out in Part Two of the CG Code, except for the deviation from code provision C.2.1 as explained under the paragraph headed “Chairman and Chief Executive Officer” below.

### Chairman and Chief Executive Officer

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

of the corporate governance structure of the Group in order to assess whether the separation of the roles of chairman and chief executive officer is necessary.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2024.

The Company’s relevant employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company during the six months ended 30 June 2024.

## COMPLIANCE WITH LAWS AND REGULATIONS

During the six months ended 30 June 2024, to efficiently administer the contributions to social insurance and housing provident fund in certain cities in the PRC where our contract employees prefer to participate in their place of residency and since we do not maintain a subsidiary or branch office due to our extensive service coverage, we engaged third-party agents to assist in the payment of social insurance and housing provident fund for some of our contract employees. As advised by our PRC legal advisor, such arrangement is not in strict compliance with the relevant PRC laws and regulations since the obligation to make contributions to social insurance and housing provident fund rests on us and should not be delegated to a third party agent. Further, we had not made full contributions to the social insurance and housing provident fund based on the actual salary levels of our employees (including those paid by the agents as described above). On the basis of, among others, our communication with the competent authorities and the confirmations received from them, the views of our PRC legal advisor and the lower possibility of being ordered to settle a material portion of the shortfall of contributions for social insurance and housing provident fund, the Group has not made provision for the difference in contribution for social insurance and housing provident fund. Should the authorities change their position and request the Group to make payments for the difference in contribution in the future, the above non-compliance issues would have material adverse effects on our business, financial condition, results of operation and cash flows. For further details, please refer to pages 248 to 250 of the Prospectus.

## Other Information

Save as disclosed above, the Group was not aware of any non-compliance under the laws and regulations in jurisdiction where the Group operates during the six months ended 30 June 2024 that could have a material adverse impact on the Group's business, financial condition and operating results.

### CHANGE IN DIRECTORATE AND DIRECTORS' INFORMATION

Mr. Chen Rui, the non-executive Director, has been a director of Qunabox Group Limited since September 2021 and re-designated as non-executive director in August 2023. The shares of Qunabox Group Limited have been listed on the Main Board of the Stock Exchange since May 2024 (Stock Code: 917).

Save as disclosed above, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### Interests in Shares and underlying Shares of the Company

Name of Director/ Chief Executive	Capacity/Nature of interest	Total number of Shares/ underlying Shares held <sup>(8)</sup>	Approximate percentage of shareholding interest in the Company <sup>(9)</sup> (%)
Zhang Jianguo	Interest of controlled corporation <sup>(1)</sup>	46,970,500(L)	29.97%
	Interests held jointly with other persons <sup>(4)</sup>	14,095,800(L)	9.00%
Zhang Feng	Interest of controlled corporation <sup>(2)</sup>	6,015,200(L)	3.84%
	Interests held jointly with other persons <sup>(4)</sup>	54,215,300(L)	34.60%
	Beneficial owner <sup>(2)</sup>	835,800(L)	0.53%
Zhang Jianmei	Interest of controlled corporation <sup>(3)</sup>	5,826,000(L)	3.72%
	Interests held jointly with other persons <sup>(4)</sup>	53,821,500(L)	34.35%
	Beneficial owner <sup>(3)</sup>	1,418,800(L)	0.91%
Chan Mei Bo Mabel	Beneficial owner <sup>(5)</sup>	80,000(L)	0.05%
Shen Hao	Beneficial owner <sup>(6)</sup>	80,000(L)	0.05%
Leung Ming Shu	Beneficial owner <sup>(7)</sup>	80,000(L)	0.05%

Notes:

- (1) Ming Feng Holdings Limited ("Ming Feng") is wholly owned by Mr. Zhang Jianguo. Under the SFO, Mr. Zhang Jianguo is deemed to be interested in the 46,970,500 Shares held by Ming Feng.
- (2) Wu Fu Min Feng Holdings Limited ("Wu Fu Min Feng") is wholly owned by Mr. Zhang Feng. Under the SFO, Mr. Zhang Feng is deemed to be interested in the 6,015,200 Shares held by Wu Fu Min Feng. In addition, Mr. Zhang Feng was granted options under the mid-senior level management pre-IPO share option scheme and the Post-IPO Share Option Scheme which entitle him to subscribe for 455,800 Shares and 380,000 Shares, respectively.

## Other Information

- (3) Lin Feng Holdings Limited (“**Lin Feng**”) is wholly owned by Ms. Zhang Jianmei. Under the SFO, Ms. Zhang Jianmei is deemed to be interested in the 5,826,000 Shares held by Lin Feng. In addition, Ms. Zhang Jianmei was granted options under the mid-senior level management pre-IPO share option scheme and the Post-IPO Share Option Scheme which entitle her to subscribe for 928,800 Shares and 490,000 Shares, respectively.
- (4) Mr. Zhang Jianguo, Mr. Zhang Feng and Ms. Zhang Jianmei have entered into an acting in concert deed dated 18 January 2019 according to which, among other things, they acknowledged and confirmed that they will act in concert with each other in respect of all major management matters, business decisions (including but not limited to financial and operational matters), and all matters being the subject matters of any shareholders’ resolution of Ming Feng and any of the members of our Group. As such, each of Mr. Zhang Jianguo, Mr. Zhang Feng and Ms. Zhang Jianmei is deemed to be interested in the Shares and/or underlying Shares held by the other parties as they are parties acting in concert.
- (5) Ms. Chan Mei Bo Mabel was granted share options under the Post-IPO Share Option Scheme which entitle her to subscribe for 80,000 Shares.
- (6) Mr. Shen Hao was granted share options under the Post-IPO Share Option Scheme which entitle him to subscribe for 80,000 Shares.
- (7) Mr. Leung Ming Shu was granted share options under the Post-IPO Share Option Scheme which entitle him to subscribe for 80,000 Shares.
- (8) The Letter “L” denotes the person’s long position in such Shares.
- (9) As at 30 June 2024, the Company had 156,699,879 issued Shares.

### Interests in associated corporation of the Company

Name of Director/ Chief Executive	Associated Corporation	Capacity/ Nature of interest	Amount of registered capital subscribed (RMB)	Approximate percentage of shareholding interest in the associated corporation (%) <sup>(Note)</sup>
Zhang Jianguo	Chengdu Tianfu Renrui Education Consultation Co., Ltd.	Beneficial owner	4,000,000	80.00%
Zhang Feng	Chengdu Tianfu Renrui Education Consultation Co., Ltd.	Beneficial owner	500,000	10.00%
Zhang Jianmei	Chengdu Tianfu Renrui Education Consultation Co., Ltd.	Beneficial owner	500,000	10.00%

*Note:*

As Chengdu Tianfu Renrui Education Consultation Co., Ltd. is a limited liability company established in the PRC, the percentage of shareholding is determined with reference to the percentage of subscribed registered capital of each shareholder.

Save as disclosed above, as at 30 June 2024, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

#### Interests in Shares and underlying Shares of the Company

Name of Shareholder	Capacity/Nature of interest	Total number of Shares/underlying Shares held <sup>(7)</sup>	Approximate percentage of shareholding interest <sup>(8)</sup> (%)
Wang Fen <sup>(1)</sup>	Interest of spouse	61,066,300(L)	38.97%
Wu Qi <sup>(2)</sup>	Interest of spouse	61,066,300(L)	38.97%
Chen Bin <sup>(3)</sup>	Interest of spouse	61,066,300(L)	38.97%
Ming Feng	Beneficial owner	46,970,500(L)	29.97%
LC Fund V, L.P. <sup>(4)</sup>	Beneficial owner	20,266,244(L)	12.93%
LC Fund V GP Limited <sup>(4)</sup>	Interest of controlled corporation	21,750,495(L)	13.88%
FIL Limited <sup>(5)</sup>	Interest of controlled corporation	13,879,683(L)	8.86%
Pandanus Associates Inc <sup>(5)</sup>	Interest of controlled corporation	13,879,683(L)	8.86%
Pandanus Partners L.P. <sup>(5)</sup>	Interest of controlled corporation	13,879,683(L)	8.86%
FIDELITY CHINA SPECIAL SITUATIONS PLC	Beneficial owner	10,870,983(L)	6.94%

#### Notes:

- (1) Ms. Wang Fen is the spouse of Mr. Zhang Jianguo and under the SFO, Ms. Wang Fen is deemed to be interested in the 61,066,300 Shares/underlying Shares in which Mr. Zhang Jianguo is interested.
- (2) Ms. Wu Qi is the spouse of Mr. Zhang Feng and under the SFO, Ms. Wu Qi is deemed to be interested in the 61,066,300 Shares/underlying Shares in which Mr. Zhang Feng is interested.
- (3) Mr. Chen Bin is the spouse of Ms. Zhang Jianmei and under the SFO, Mr. Chen Bin is deemed to be interested in the 61,066,300 Shares/underlying Shares in which Ms. Zhang Jianmei is interested.
- (4) As LC Fund V GP Limited is the general partner of both of LC Fund V, L.P. and LC Parallel Fund V, L.P., LC Fund V GP Limited is deemed to be interested in the 20,266,244 Shares and 1,484,251 Shares held by LC Fund V, L.P. and LC Parallel Fund V, L.P., respectively.
- (5) Pandanus Partners L.P. holds 37.01% in FIL Limited. Pandanus Partners L.P. is wholly-owned by Pandanus Associates Inc.
- (6) The Letter "L" denotes the person's long position in such Shares.
- (7) As at 30 June 2024, the Company had 156,699,879 issued Shares.

## Other Information

Save as disclosed above, as at 30 June 2024, the Directors and the chief executive of the Company were not aware of any other persons (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to section 336 of the SFO.

### 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 (including sale of treasury shares (within the meaning under the Listing Rules)) during the six months ended 30 June 2024. As at 30 June 2024, the Company did not hold any treasury shares (within the meaning under the Listing Rules).

### AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited consolidated interim results of the Group and the interim report for the six months ended 30 June 2024. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by the Company. The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024 have also been reviewed by PricewaterhouseCoopers, the external auditor of the Company, in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

On behalf of the Board  
**Zhang Jianguo**  
Chairman of the Board

PRC, 21 August 2024



# Definition

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

“Audit Committee”	the audit committee of the Board;
“Binhai Xunteng”	Tianjin Binhai Xunteng Technology Group Co., Ltd.* (天津濱海迅騰科技集團有限公司);
“Board”	the board of directors of the Company;
“BPO”	business process outsourcing;
“CG Code”	Corporate Governance Code set out in Appendix C1 to the Listing Rules;
“Company”	Renrui Human Resources Technology Holdings Limited (人瑞人才科技控股有限公司), an exempted company incorporated in the Cayman Islands on 14 October 2011 with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6919);
“Director(s)”	the director(s) of the Company;
“FVOCI”	fair value through other comprehensive income;
“GDP”	gross domestic product;
“Group” or “we”	the Company together with its subsidiaries;
“HKD” or “HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong;
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HR”	human resources;
“IT”	information and technology;

## Definition

“Lingshi Yuntian”	Lingshi Yuntian Information Technology (Changzhou) Co., Ltd.* (領時雲天信息科技(常州)有限公司), which was previously known as Jiangnan Finance Technology (Changzhou) Co., Ltd.* (江南金融科技(常州)有限公司);
“Listing Date”	13 December 2019, being the date on which the Shares were listed on the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Model Code”	Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix C3 to the Listing Rules;
“Net Proceeds”	net proceeds from the global offering of the Company in connection with the listing of the Shares on the Stock Exchange on 13 December 2019, amounting to approximately HK\$992.2 million;
“Post-IPO Share Award Scheme”	post-IPO share award scheme of the Company adopted on 26 November 2019 and subsequently amended on 20 June 2020;
“Post-IPO Share Option Scheme”	post-IPO share option scheme of the Company adopted on 26 November 2019;
“PRC” or China	the People’s Republic of China and for the purpose of this report only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Prospectus”	the prospectus of the Company dated 3 December 2019;

## Definition

“Renrui New Career”	Renrui New Career Technology Services (Shanghai) Co., Ltd.* (人瑞新職科技服務(上海)有限公司);
“RMB”	Renminbi, the lawful currency of the PRC;
“R&D”	research and development;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“Shanghai Lingshi”	Shanghai Lingshi Human Resources Services Limited* (上海領時人力資源服務有限公司);
“Shanghai Sirui”	Shanghai Sirui Information Technology Co., Ltd.* (上海思芮信息科技有限公司);
“Shareholder(s)”	holder(s) of the Shares;
“Share(s)”	ordinary share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Wanyoumali”	Zhejiang Wanyoumali Network Technology Co., Ltd.* (浙江萬有碼力網絡科技有限公司), which was previously known as Shanghai Wanmahui Network Technology Co., Ltd.* (上海萬馬匯網絡科技有限公司);
“Zhencheng Technology”	Zhencheng Technology Co., Ltd.* (上海圳誠科技有限公司); and
“%”	per cent.

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

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

# Condensed Consolidated Income Statement

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	6	2,482,348	2,068,304
Cost of revenue	7	(2,251,906)	(1,900,792)
<b>Gross profit</b>		<b>230,442</b>	167,512
Selling and marketing expenses	7	(98,831)	(88,264)
Research and development expenses	7	(31,508)	(26,216)
Administrative expenses	7	(71,744)	(74,973)
Provision for net impairment losses on financial assets		(4,765)	(3,325)
Other income	9	9,638	52,012
Other losses, net	10	(1,745)	(3,344)
<b>Operating profit</b>		<b>31,487</b>	23,402
Finance income	11	2,251	2,194
Finance costs	11	(5,905)	(4,702)
Finance costs, net	11	(3,654)	(2,508)
Share of results of joint ventures		1,760	1,373
Share of results of associates		(2,719)	(2,195)
<b>Profit before income tax</b>		<b>26,874</b>	20,072
Income tax expenses	12	(6,481)	(1,221)
<b>Profit for the period</b>		<b>20,393</b>	18,851
<b>Profit/(loss) is attributable to:</b>			
– Equity holders of the Company		21,853	10,058
– Non-controlling interests		(1,460)	8,793
<b>Earnings per share</b> (expressed in RMB per share)			
– Basic earnings per share	13	0.14	0.07
– Diluted earnings per share	13	0.14	0.06

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

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

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

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

# Condensed Consolidated Balance Sheet

As at 30 June 2024

	Note	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	37,913	31,874
Intangible assets	15	388,655	400,756
Investments in joint ventures accounted for using the equity method		30,230	28,470
Investments in associates accounted for using the equity method		17,691	20,410
Financial assets at fair value through profit or loss	16	21,217	22,183
Derivative financial instruments	16	2,166	2,162
Other non-current assets	16	24,170	8,309
Deferred income tax assets		23,106	17,115
Restricted cash	19	6,000	6,300
<b>Total non-current assets</b>		<b>551,148</b>	<b>537,579</b>
<b>Current assets</b>			
Trade and notes receivables	18	1,534,051	1,301,905
Prepayments, deposits and other receivables	17	63,002	86,707
Contract fulfilment cost		21,489	18,720
Financial assets at fair value through other comprehensive income	16	5,018	3,650
Financial assets at fair value through profit or loss	16	33,911	57,563
Restricted cash	19	619	356
Cash and cash equivalents	19	255,207	284,877
<b>Total current assets</b>		<b>1,913,297</b>	<b>1,753,778</b>
<b>Total assets</b>		<b>2,464,445</b>	<b>2,291,357</b>



# Condensed Consolidated Balance Sheet

As at 30 June 2024

	Note	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	20	53	53
Share premium	20	2,154,956	2,167,837
Shares held for share-based payment scheme		(100,393)	(94,313)
Other reserves		(31,405)	(35,502)
Accumulated losses		(732,450)	(754,303)
		<b>1,290,761</b>	1,283,772
<b>Non-controlling interests</b>		<b>219,536</b>	220,756
<b>Total equity</b>		<b>1,510,297</b>	1,504,528
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		12,332	14,037
Lease liabilities	22	11,573	4,577
<b>Total non-current liabilities</b>		<b>23,905</b>	18,614
<b>Current liabilities</b>			
Trade and other payables	21	557,866	541,039
Contract liabilities		18,971	16,373
Current income tax liabilities		15,909	11,934
Borrowings	23	323,986	184,472
Lease liabilities	22	13,511	14,397
<b>Total current liabilities</b>		<b>930,243</b>	768,215
<b>Total liabilities</b>		<b>954,148</b>	786,829
<b>Total equity and liabilities</b>		<b>2,464,445</b>	2,291,357

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

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Note	Attributable to equity holders of the Company							
		Share capital RMB'000	Share premium RMB'000	Shares held for share- based payment scheme RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
<b>(Unaudited)</b>									
Balance at 1 January 2024		53	2,167,837	(94,313)	(35,502)	(754,303)	1,283,772	220,756	1,504,528
<b>Comprehensive income</b>									
Profit/(loss) for the period		–	–	–	–	21,853	21,853	(1,460)	20,393
Other comprehensive income									
– Currency translation differences		–	–	–	472	–	472	–	472
<b>Total comprehensive income/(loss)</b>		–	–	–	472	21,853	22,325	(1,460)	20,865
<b>Transactions with equity holders in their capacity as equity holders</b>									
Share-based compensation	8	–	–	–	3,625	–	3,625	–	3,625
Acquisitions of shares held for share-based payment scheme	20	–	–	(6,080)	–	–	(6,080)	–	(6,080)
Dividends	24	–	(12,881)	–	–	–	(12,881)	–	(12,881)
Capital contribution from non-controlling interests		–	–	–	–	–	–	240	240
<b>Total transactions with equity holders in their capacity as equity holders</b>		–	(12,881)	(6,080)	3,625	–	(15,336)	240	(15,096)
Balance at 30 June 2024		53	2,154,956	(100,393)	(31,405)	(732,450)	1,290,761	219,536	1,510,297

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

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

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

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

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

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

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 1 GENERAL INFORMATION

Renrui Human Resources Technology Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 14 October 2011 as an exempted company with limited liability. The registered office is P.O. Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands.

The Company, an investment holding company, and its subsidiaries (together, the “Group”) are principally engaged in the provision of comprehensive flexible staffing services, professional recruitment services and other human resources (“HR”) solutions services in the People’s Republic of China (the “PRC”). The ultimate controlling parties of the Company are Mr. Zhang Jianguo, Mr. Zhang Feng and Ms. Zhang Jianmei (collectively, the “Controlling Equity Holders”).

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

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

The unaudited condensed consolidated interim financial information were approved for issue by the Board of Directors on 21 August 2024.

## 2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The unaudited condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

## 3 ACCOUNTING POLICIES

The accounting policies applied in preparation of these unaudited condensed consolidated interim financial information are consistent with those of the annual consolidated financial statements for the year ended 31 December 2023, as described therein, except for estimation of income tax for the interim periods using the tax rate that would be applicable to expected total annual earnings and the adoption of the new standards, amendments and interpretations of HKFRSs effective for the financial year ending 31 December 2024 as described below and disclosed elsewhere in this interim financial information.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 3 ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Certain new accounting standards, amendments and interpretations have been published but are not mandatory for the financial year beginning 1 January 2024 and have not been early adopted by the Group. These new accounting standards, amendments and interpretations are not expected to have a material impact on the Group's financial statements when they become effective.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2023.



# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 5 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

### 5.1 Financial risk factors

#### (a) Market risk

##### (i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The functional currency of the Company is USD whereas the functional currency of the subsidiaries operating in the PRC is RMB.

The Group operates mainly in the PRC with most of the transactions denominated in RMB.

As at 30 June 2024, the majority of the Group's assets and liabilities are denominated in RMB. Due to functional currency being USD, the Company was exposed to foreign exchange risk from the RMB denominated bank deposits it held. Apart from this, management considers that the business is not subject to any other significant foreign exchange risk.

##### (ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates, as the Group has no significant interest-bearing assets except for cash and cash equivalents and restricted cash measured at amortised cost.

The Group's exposure to changes in interest rates is also attributable to its borrowings from banks. Borrowings at variable rates expose the Group to cash flow interest rate risk whereas borrowings at fixed rates expose the Group to fair value interest rate risk, details of which has been disclosed in Note 23. The Group has not hedged its cash flow or fair value interest rate risk.

#### (b) Credit risk

Credit risk is managed on a group basis. The Group's credit risk arises from cash and cash equivalents, restricted cash, trade and notes receivables, other receivables and other non-current assets, and financial assets at fair value through other comprehensive income.

##### (i) Cash and cash equivalents and restricted cash

As at 30 June 2024 and 31 December 2023, the Group expects that there is no significant credit risk associated with cash and cash equivalents and restricted cash since most of them are deposited at state-owned banks and other multinational medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (ii) Trade and notes receivables

To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made to customers with an appropriate credit history and the management performs ongoing credit evaluations of its customers. The credit period granted to the customers is typically of 10 to 180 days and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors. The Group applies HKFRS 9 simplified approach to measuring the expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Expected credit losses are determined based on historical default rates and incorporate forward looking information. The Group identifies GDP growth rate, unemployment rate and growth rate of total retail sales of consumer goods as the key economic variables impacting the expected credit losses.

On that basis, the loss allowance for trade receivables as at 30 June 2024 and 31 December 2023 was determined as follows:

(Unaudited) 30 June 2024	Current	Past due within 3 months	Past due from 4 months to 6 months	Past due from 7 months to 9 months	Past due from 10 months to 12 months	Past due from 1 year to 2 year	Past due over 2 years	Total
Expected loss rate	0.24%	1.32%	2.73%	8.89%	7.10%	26.23%	100.00%	
Gross carrying amount	1,292,556	145,260	39,858	33,133	17,296	11,893	4,579	1,544,575
<b>Loss allowance</b>	<b>3,113</b>	<b>1,922</b>	<b>1,087</b>	<b>2,944</b>	<b>1,228</b>	<b>3,120</b>	<b>4,579</b>	<b>17,993</b>

(Audited) 31 December 2023	Current	Past due within 3 months	Past due from 4 months to 6 months	Past due from 7 months to 9 months	Past due from 10 months to 12 months	Past due from 1 year to 2 years	Past due over 2 years	Total
Expected loss rate	0.30%	2.16%	3.10%	11.06%	16.89%	41.44%	100.00%	
Gross carrying amount	1,161,148	87,360	35,327	8,085	2,244	9,545	2,183	1,305,892
<b>Loss allowance</b>	<b>3,457</b>	<b>1,887</b>	<b>1,096</b>	<b>894</b>	<b>379</b>	<b>3,955</b>	<b>2,183</b>	<b>13,851</b>

For the notes receivables at amortised cost, the Group applies HKFRS 9 simplified approach to measuring the expected credit losses which uses a lifetime expected loss allowance. As at 30 June 2024, the loss allowance of notes receivables at amortised cost were RMB122,000 (31 December 2023: RMB31,000).

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (iii) Other receivables and other non-current assets

For other receivables and other non-current assets, the Group applies the general model for expected credit losses prescribed by HKFRS 9, since credit risk has not significantly increased after initial recognition, provision is provided, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. As at 30 June 2024 and 31 December 2023, the loss allowance of other receivables and other non-current assets were RMB1,087,000 and RMB876,000 respectively.

##### (iv) Financial assets at fair value through other comprehensive income

For financial assets at fair value through other comprehensive income which is mainly bank-accepted notes receivable at fair value, the Group applies the general model for expected credit losses prescribed by HKFRS 9, since credit risk has not significantly increased after initial recognition, the loss allowance recognised during the period was therefore limited to 12 months expected losses. As at 30 June 2024, the Group assessed the credit risk of notes receivable which either discounted or held for maturity from banks to be low given they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term, and the loss allowance of notes receivables were RMB6,000 (31 December 2023: RMB3,000).

#### (c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing to meet its daily operation working capital.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.1 Financial risk factors (Continued)

#### (c) Liquidity risk (Continued)

The table below analyses the Group's financial liabilities by relevant maturity grouping at each balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months from the balance sheet date equal to their carrying amounts in the condensed consolidated balance sheet, as the impact of discount is not significant.

Contractual maturities of financial liabilities	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	More than 5 years RMB'000	Total contractual cash flows RMB'000
(Unaudited)					
At 30 June 2024					
Borrowings	329,055	—	—	—	329,055
Trade and other payables*	40,098	—	—	—	40,098
Lease liabilities	14,234	7,049	3,757	1,540	26,580
	<b>383,387</b>	<b>7,049</b>	<b>3,757</b>	<b>1,540</b>	<b>395,733</b>
(Audited)					
At 31 December 2023					
Borrowings	187,535	—	—	—	187,535
Trade and other payables*	44,074	—	—	—	44,074
Lease liabilities	14,971	2,719	2,086	—	19,776
	<b>246,580</b>	<b>2,719</b>	<b>2,086</b>	<b>—</b>	<b>251,385</b>

\* Excluding non-financial liabilities of accrued payroll and welfare, value-added tax ("VAT") and surcharges and dividends payable.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for owners and benefits for other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

The gearing ratio at 30 June 2024 was as follows:

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

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

### 5.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2024 and 31 December 2023 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.3 Fair value estimation (Continued)

As at 30 June 2024 and 31 December 2023, the Group had certain financial instruments carried at fair value, including wealth management products purchased from banks recorded as financial assets at FVPL, investment in joint ventures at FVPL, derivative financial instruments associated with a joint venture and notes receivables as financial assets at FVOCI.

Recurring fair value measurements	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>As at 30 June 2024 (Unaudited)</b>				
<b>Financial assets</b>				
Financial assets at fair value through other comprehensive income (Note 16)	—	—	5,018	5,018
Financial assets at fair value through profit or loss (Note 16)	—	26,911	28,217	55,128
Derivative financial instruments (Note 16)	—	—	2,166	2,166
	—	26,911	35,401	62,312

Recurring fair value measurements	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>As at 31 December 2023 (Audited)</b>				
<b>Financial assets</b>				
Financial assets at fair value through other comprehensive income (Note 16)	—	—	3,650	3,650
Financial assets at fair value through profit or loss (Note 16)	—	57,563	22,183	79,746
Derivative financial instruments (Note 16)	—	—	2,162	2,162
	—	57,563	27,995	85,558

There were no transfers among levels of the fair value hierarchy during the periods.

The following table presents the changes in level 3 derivative financial instruments and financial assets at fair value through profit or loss for the six months ended 30 June 2024.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.3 Fair value estimation (Continued)

	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Derivative financial instruments RMB'000
<b>At 1 January 2024 (Audited)</b>	22,183	3,650	2,162
Addition	83,000	20,557	—
Disposal	(76,000)	(19,189)	—
Fair value change (Note 10)	(966)	—	4
<b>At 30 June 2024</b>	<b>28,217</b>	<b>5,018</b>	<b>2,166</b>

The Group manages the valuation of level 3 instruments for financial reporting purposes and manages the valuation exercise of the instruments on a case by case basis. At least once every year, the management would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

As at 30 June 2024, the balance of notes receivables amounting to RMB5,018,000 was included in financial assets at fair value through other comprehensive income included in Level 3 (31 December 2023: RMB3,650,000), as the notes receivables are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principle and interest. The fair value was based on the discounted cash flows. The significant assumption are the adjusted discount rate of the cash flows. The higher the discount rate or the lower the cash flows, the lower the fair value.

As at 30 June 2024, the balance of wealth management products amounting to RMB26,911,000 and RMB7,000,000 were included in financial assets through profit or loss included in Level 2 and Level 3 respectively (31 December 2023: RMB57,563,000 and nil). The fair value was determined by the present values and the discount rates which were adjusted for counterparty credit risk. The higher the discount rate, the lower the fair value.

As at 30 June 2024, the balance of equity investment in joint ventures in the form of ordinary shares with certain substantive preferential rights amounting to RMB21,217,000 was included in financial assets at fair value through profit or loss included in Level 3 (31 December 2023: RMB22,183,000). The fair value was determined by market approach, which was estimated based on trading prices of comparable companies to the investee in the similar industries, and incorporated other unobservable inputs, such as liquidity discount. The higher the liquidity discount, the lower the fair value.



# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 6 SEGMENT INFORMATION AND REVENUE

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

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

#### ***Comprehensive flexible staffing***

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

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

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

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

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

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 6 SEGMENT INFORMATION AND REVENUE (Continued)

### (b) Segment results and other information

The segment information provided to the Group's CODM for the reportable segments for the six months ended 30 June 2024 was as follows:

	Six months ended 30 June 2024		
	Comprehensive flexible staffing RMB'000 (Unaudited)	Professional recruitment and other HR solutions RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue	2,456,412	25,936	2,482,348
Segment gross profit	218,032	12,410	230,442
Unallocated:			
Selling and marketing expenses			(98,831)
Research and development expenses			(31,508)
Administrative expenses			(71,744)
Other income (Note 9)			9,638
Other losses, net (Note 10)			(1,745)
Provision for net impairment losses on financial assets			(4,765)
Finance costs, net (Note 11)			(3,654)
Share of results of joint ventures accounted for using the equity method			1,760
Share of results of associates accounted for using the equity method			(2,719)
Profit before income tax			26,874
Income tax expenses (Note 12)			(6,481)
Profit for the period			20,393

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 6 SEGMENT INFORMATION AND REVENUE (Continued)

### (b) Segment results and other information (Continued)

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

	Six months ended 30 June 2023		
	Comprehensive flexible staffing RMB'000 (Unaudited)	Professional recruitment and other HR solutions RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue	2,051,202	17,102	2,068,304
Segment gross profit	161,116	6,396	167,512
Unallocated:			
Selling and marketing expenses			(88,264)
Research and development expenses			(26,216)
Administrative expenses			(74,973)
Other income (Note 9)			52,012
Other losses, net (Note 10)			(3,344)
Provision for net impairment losses on financial assets			(3,325)
Finance costs, net (Note 11)			(2,508)
Share of results of joint ventures accounted for using the equity method			1,373
Share of results of associates accounted for using the equity method			(2,195)
Profit before income tax			20,072
Income tax expenses (Note 12)			(1,221)
Profit for the period			18,851

### (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.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 6 SEGMENT INFORMATION AND REVENUE (Continued)

### (d) Disaggregation of revenue from contracts with customers

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

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

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

Six months ended 30 June 2024	Comprehensive flexible staffing RMB'000 (Unaudited)	Professional recruitment and other HR solutions RMB'000 (Unaudited)	Total
			RMB'000 (Unaudited)
Timing of revenue recognition			
At a point in time	15,822	18,069	33,891
Over time	2,440,590	7,867	2,448,457
	<b>2,456,412</b>	<b>25,936</b>	<b>2,482,348</b>

Six months ended 30 June 2023	Comprehensive flexible staffing RMB'000 (Unaudited)	Professional recruitment and other HR solutions RMB'000 (Unaudited)	Total
			RMB'000 (Unaudited)
Timing of revenue recognition			
At a point in time	9,819	14,002	23,821
Over time	2,041,383	3,100	2,044,483
	<b>2,051,202</b>	<b>17,102</b>	<b>2,068,304</b>

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 7 EXPENSES BY NATURE

The following expenses include cost of revenue, selling and marketing expenses, research and development expenses and administrative expenses:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Employee benefit expenses	2,325,175	1,970,298
Depreciation and amortisation	29,593	29,966
Travelling and entertainment expenses	32,176	25,511
Marketing and promotion expenses	10,261	11,980
Other taxes and surcharges	14,174	10,262
Subcontracting costs	19,095	11,299
Recruitment related communication expenses	321	315
Utilities and office expenses	9,875	11,848
Professional service fee	6,251	10,829
Lease and property management expenses	5,266	5,178
Auditor's remuneration	1,050	1,050
Others	752	1,709
<b>Total</b>	<b>2,453,989</b>	<b>2,090,245</b>

## 8 EMPLOYEE BENEFIT EXPENSES

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Wages, salaries and bonus	1,977,184	1,667,837
Social insurance and housing fund	319,002	270,790
Other employee welfares	25,364	27,440
Share-based payments*	3,625	4,231
<b>Total</b>	<b>2,325,175</b>	<b>1,970,298</b>

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 8 EMPLOYEE BENEFIT EXPENSES (Continued)

\* The share-based payments recognised in the unaudited condensed consolidated income statement were approximately RMB3,625,000 and RMB4,231,000 for the six months ended 30 June 2024 and 2023, respectively. The following table set forth a breakdown of the share-based payments:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Post-IPO share option scheme (a)	3,731	4,468
Post-IPO share award scheme (b)	(106)	(237)
	3,625	4,231

### (a) Post-IPO share option scheme

Since 2020, the Group has granted share options to eligible senior management and employees under the post-IPO share option scheme adopted on 26 November 2019. These share options will vest in tranches on condition that the employees remain in service with or without certain performance requirements.

On 29 October 2020, the Group granted share options to three executive directors which entitled the grantees to subscribe for a maximum of 390,000 shares under the post-IPO share option scheme adopted on 26 November 2019. The share options have a vesting period of 18 months, and will vest upon the fulfilment of certain non - market performance conditions.

On 22 January 2021, the Company granted share options to twenty eligible grantees (four non-executive directors and sixteen employees) which entitled the grantees to subscribe for a maximum of 2,560,000 shares under the post-IPO share option scheme adopted on 26 November 2019. These share options will vest in tranches on the condition that the grantees remain in service and upon fulfilment of certain non-market performance conditions.

On 16 July 2021, the Group granted share options to forty-two eligible grantees which entitled the grantees to subscribe for a maximum of 1,830,000 shares. These share options will vest in tranches on the condition that the grantees remain in service without any performance requirements.

On 17 June 2022, the Company granted share options to two hundred and four eligible grantees (five non-executive directors and one hundred ninety-nine employees) which entitled the grantees to subscribe for a maximum of 11,350,000 shares under the post-IPO share option scheme adopted on 26 November 2019. These share options will vest in tranches on the condition that the grantees remain in service and upon fulfilment of certain non-market performance conditions.

On 2 May 2023, the Company granted share options to one hundred and sixty-two eligible grantees (two executive directors and one hundred sixty employees) which entitled the grantees to subscribe for a maximum of 6,993,000 shares under the post-IPO share option scheme adopted on 26 November 2019. These share options will vest in tranches on the condition that the grantees remain in service and upon fulfilment of certain non-market performance conditions.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 8 EMPLOYEE BENEFIT EXPENSES (Continued)

### (a) Post-IPO share option scheme (Continued)

On 28 March 2024, the Company granted share options to twenty-four eligible grantees (two executive directors and twenty-two employees) which entitled the grantees to subscribe for a maximum of 3,750,000 shares under the post-IPO share option scheme adopted on 26 November 2019. These share options will vest in tranches on the condition that the grantees remain in service and upon fulfilment of certain non-market performance conditions. The exercise price of these share options is HKD3.79 per share. The Group adopted Binomial option-pricing model to determine the fair value of share options. The aggregate fair value of share options granted as at the grant date was approximately RMB5,108,000. Significant assumptions of share options granted on 28 March 2024 were set as below:

	Share options granted under the Post-IPO Share Option Scheme in March 2024
Risk-free interest rates	3.76%
Expected volatility	40.00%
Ordinary share price on grant date (HKD)	3.77
Exercise price (HKD)	3.79
Dividend yield	1.50%

### (b) Post-IPO share award scheme

On 22 January 2021, the Company granted 2,300,000 award shares to twenty-nine eligible employees under the post-IPO share award scheme adopted on 26 November 2019 and amended on 26 June 2020. These award shares will vest in tranches on the condition that the grantees remain in service without any performance requirements. Upon vesting the award shares, the Company will immediately direct the trust to sell the award shares and pay the grantees in cash the net proceeds from such sales, netting of the benchmarked price of HKD25.00 per share as stipulated in the agreements with the grantees.

Liabilities for the scheme are recognised as employee benefit expense over the relevant service period. The liabilities are remeasured to fair value at each reporting date and are presented as employee benefit obligations in the consolidated balance sheet.



# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 9 OTHER INCOME

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

## 10 OTHER LOSSES, NET

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

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 11 FINANCE INCOME AND COSTS

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

## 12 INCOME TAX EXPENSES

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

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

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

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

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

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 13 EARNINGS PER SHARE

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding shares held for share-based payment scheme (Note 20).

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Profit attributable to the equity holders of the Company (RMB'000)	21,853	10,058
Weighted average number of ordinary shares in issue (thousands)	150,995	153,044
Basic earnings per share attributable to the equity holders of the Company (RMB per share)	0.14	0.07

### (b) Diluted earnings per share

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

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

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

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 13 EARNINGS PER SHARE (Continued)

### (b) Diluted earnings per share (Continued)

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

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

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 14 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets property RMB'000	Computer equipment RMB'000	Electrical appliances RMB'000	Furniture RMB'000	Leasehold improvements RMB'000	Vehicle RMB'000	Total RMB'000
<b>At 1 January 2023 (Audited)</b>							
Cost	68,548	26,309	1,735	7,190	30,649	519	134,950
Accumulated depreciation	(30,268)	(17,482)	(1,184)	(3,086)	(17,787)	(27)	(69,834)
<b>Net book amount</b>	<b>38,280</b>	<b>8,827</b>	<b>551</b>	<b>4,104</b>	<b>12,862</b>	<b>492</b>	<b>65,116</b>
<b>Six month ended 30 June 2023</b>							
Opening net book amount	38,280	8,827	551	4,104	12,862	492	65,116
Additions	986	178	3	53	310	—	1,530
Disposals	—	(176)	—	(22)	(72)	—	(270)
Depreciation charge	(11,007)	(2,860)	(220)	(673)	(2,920)	(54)	(17,734)
<b>Closing net book amount</b>	<b>28,259</b>	<b>5,969</b>	<b>334</b>	<b>3,462</b>	<b>10,180</b>	<b>438</b>	<b>48,642</b>
<b>At 30 June 2023 (Unaudited)</b>							
Cost	69,534	25,946	1,730	7,200	26,005	519	130,934
Accumulated depreciation	(41,275)	(19,977)	(1,396)	(3,738)	(15,825)	(81)	(82,292)
<b>Net book amount</b>	<b>28,259</b>	<b>5,969</b>	<b>334</b>	<b>3,462</b>	<b>10,180</b>	<b>438</b>	<b>48,642</b>
<b>At 1 January 2024 (Audited)</b>							
Cost	66,544	22,823	1,457	6,988	24,643	519	122,974
Accumulated depreciation	(49,275)	(19,116)	(1,327)	(4,291)	(16,956)	(135)	(91,100)
<b>Net book amount</b>	<b>17,269</b>	<b>3,707</b>	<b>130</b>	<b>2,697</b>	<b>7,687</b>	<b>384</b>	<b>31,874</b>
<b>Six month ended 30 June 2024</b>							
Opening net book amount	17,269	3,707	130	2,697	7,687	384	31,874
Additions	18,435	375	2	63	4,812	—	23,687
Lease change	(45)	—	—	—	—	—	(45)
Disposals	(535)	(74)	(1)	(15)	—	—	(625)
Depreciation charge	(11,012)	(2,147)	(63)	(641)	(3,061)	(54)	(16,978)
<b>Closing net book amount</b>	<b>24,112</b>	<b>1,861</b>	<b>68</b>	<b>2,104</b>	<b>9,438</b>	<b>330</b>	<b>37,913</b>
<b>At 30 June 2024 (Unaudited)</b>							
Cost	66,502	21,851	1,400	6,642	24,946	519	121,860
Accumulated depreciation	(42,390)	(19,990)	(1,332)	(4,538)	(15,508)	(189)	(83,947)
<b>Net book amount</b>	<b>24,112</b>	<b>1,861</b>	<b>68</b>	<b>2,104</b>	<b>9,438</b>	<b>330</b>	<b>37,913</b>

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 15 INTANGIBLE ASSETS

	Software RMB'000	Goodwill RMB'000	Customer relationships RMB'000	Total RMB'000
<b>At 1 January 2023 (Audited)</b>				
Cost	9,403	324,234	116,899	450,536
Impairment loss	—	(16,372)	—	(16,372)
Accumulated amortisation	(3,288)	—	(10,889)	(14,177)
Net book amount	6,115	307,862	106,010	419,987
<b>Six month ended 30 June 2023</b>				
Opening net book amount	6,115	307,862	106,010	419,987
Additions	1,293	—	—	1,293
Amortisation charge	(542)	—	(11,690)	(12,232)
Closing net book amount	6,866	307,862	94,320	409,048
<b>At 30 June 2023 (Unaudited)</b>				
Cost	10,696	324,234	116,899	451,829
Impairment loss	—	(16,372)	—	(16,372)
Accumulated amortisation	(3,830)	—	(22,579)	(26,409)
Net book amount	6,866	307,862	94,320	409,048
<b>At 1 January 2024 (Audited)</b>				
Cost	14,780	324,234	116,899	455,913
Impairment loss	—	(16,372)	—	(16,372)
Accumulated amortisation	(4,516)	—	(34,269)	(38,785)
Net book amount	10,264	307,862	82,630	400,756
<b>Six month ended 30 June 2024</b>				
Opening net book amount	10,264	307,862	82,630	400,756
Additions	514	—	—	514
Amortisation charge	(925)	—	(11,690)	(12,615)
Closing net book amount	9,853	307,862	70,940	388,655
<b>At 30 June 2024 (Unaudited)</b>				
Cost	15,294	324,234	116,899	456,427
Impairment loss	—	(16,372)	—	(16,372)
Accumulated amortisation	(5,441)	—	(45,959)	(51,400)
Net book amount	9,853	307,862	70,940	388,655

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 15 INTANGIBLE ASSETS (Continued)

### (a) Goodwill

Goodwill of RMB307,862,000 (31 December 2023: RMB307,862,000) has been allocated to the subsidiaries acquired as a whole for impairment testing as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Lingshi Yuntian and Shanghai Lingshi	42,301	42,301
Shanghai Sirui Information Technology Co., Ltd. ("Shanghai Sirui")	265,561	265,561

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

The following table set out the key assumptions for those CGUs that have significant goodwill allocated to them as at 30 June 2024:

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

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

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

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



# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 16 FINANCIAL INSTRUMENTS BY CATEGORY

The Group held the following financial instruments:

### Financial assets

	Note	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<i>Financial assets at amortised cost</i>			
Trade and notes receivables	18	1,534,051	1,301,905
Deposits and other receivables	17	43,953	65,730
Other non-current assets (i)		24,170	8,309
Restricted cash	19	6,619	6,656
Cash and cash equivalents	19	255,207	284,877
<i>Financial assets at fair value through other comprehensive income</i>			
Notes receivables (iii)		5,018	3,650
<i>Financial assets at fair value through profit or loss</i>			
Wealth management products purchased from banks (ii)		33,911	57,563
Investments in joint ventures at fair value through profit or loss (v)		21,217	22,183
Derivative financial instruments (iv)		2,166	2,162
		<b>1,926,312</b>	<b>1,753,035</b>

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 16 FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

### Financial liabilities

	Note	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 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)	21	40,098	44,074
Borrowings		323,986	184,472
Lease liabilities	22	25,084	18,974
		<b>389,168</b>	247,520

- (i) As at 30 June 2024, other non-current assets mainly included lendings to employees under the employee housing borrowing plan, which were repayable after one year, of approximately RMB12,271,000 (31 December 2023: RMB1,490,000) and deposits paid for lease contracts of approximately RMB10,177,000 (31 December 2023: RMB4,866,000) that would be repaid at the end of the relevant leasing periods which were over one year.

The lendings to employees under the employee housing borrowing plan recorded in other non-current assets, together with the current portion recorded in other receivables (Note 17), generate interest at 2% per annum.

- (ii) As at 30 June 2024, the Group held certain wealth management products purchased from banks with the amount of approximately RMB33,911,000 (31 December 2023: RMB57,563,000), which will be due within one year.
- (iii) As at 30 June 2024, the Group held total notes receivables from bank of approximately RMB12,609,000, which will be due within one year, of which RMB5,018,000 are measured at FVOCI, as the notes receivables are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principle and interest (31 December 2023: approximately RMB13,545,000, which will be due within one year, of which RMB3,650,000 are measured at FVOCI).
- (iv) The Group was entitled to a liquidation preference right in a joint venture, which was measured as derivative financial instruments separately. The Group engaged a third-party valuer to determine the fair value of the derivative financial instruments. As at 30 June 2024, the fair value of the liquidation preference rights was RMB2,166,000 (31 December 2023: RMB2,162,000).
- (v) As at 30 June 2024 and 31 December 2023, the Group held certain investment in ordinary shares with preferential rights issued by a investee company. The Group maintained joint control in the company.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 17 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Prepayments	14,675	15,657
Deposits	10,625	15,353
Input VAT deductible	4,374	5,320
Other receivables	34,221	51,245
Less: provision for impairment	(893)	(868)
	<b>63,002</b>	<b>86,707</b>

As at 30 June 2024 and 31 December 2023, the fair value of other receivables of the Group, except for the prepayments and input VAT deductible, which were not financial assets, approximated their carrying amounts.

As at 30 June 2024 and 31 December 2023, the carrying amounts of prepayments, deposits and other receivables were primarily denominated in RMB.

## 18 TRADE AND NOTES RECEIVABLES

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

The directors of the Company considered that the carrying amounts of the trade and notes receivables balances approximated their fair values as at 30 June 2024 and 31 December 2023.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 18 TRADE AND NOTES RECEIVABLES (Continued)

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

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

### 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 (Note 5.1).

## 19 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Cash on hand	21	21
Cash at banks	261,805	291,512
Less: restricted cash - current (i)	(619)	(356)
restricted cash - non-current (i)	(6,000)	(6,300)
Cash and cash equivalents	<b>255,207</b>	<b>284,877</b>

- (i) As at 30 June 2024 and 31 December 2023, restricted cash mainly represented deposits held at bank in relation to provision of bank guarantee for the application of certain operational qualification certificates.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 20 SHARE CAPITAL, SHARE PREMIUM AND SHARES HELD FOR SHARE-BASED PAYMENT SCHEME

Authorised:	Number of ordinary shares	Nominal value of ordinary shares USD
(Unaudited) At 1 January 2024 and 30 June 2024	2,000,000,000	100,000
(Unaudited) At 1 January 2023 and 30 June 2023	2,000,000,000	100,000

Issued:	Number of ordinary shares	Nominal value of ordinary shares		Share premium	Shares held for share-based payment scheme
		USD	RMB'000	RMB'000	RMB'000
(Unaudited) At 1 January 2023	156,699,879	7,836	53	2,167,837	(87,887)
Dividends (Note 24)	—	—	—	—	—
At 30 June 2023	156,699,879	7,836	53	2,167,837	(87,887)
(Unaudited) At 1 January 2024	<b>156,699,879</b>	<b>7,836</b>	<b>53</b>	<b>2,167,837</b>	<b>(94,313)</b>
Acquisitions of shares held for share-based payment scheme (i)	—	—	—	—	(6,080)
Dividends (Note 24)	—	—	—	(12,881)	—
At 30 June 2024	<b>156,699,879</b>	<b>7,836</b>	<b>53</b>	<b>2,154,956</b>	<b>(100,393)</b>

- (i) Shares held for share-based payment scheme represented shares of the Company that were held by a trustee, which was consolidated in the Group's financial statements, for the purpose of granting award shares under the post-IPO share award scheme.

During the six months period ended 30 June 2024, the trustee acquired 1,307,900 shares from the market at a total consideration of approximately HKD6,678,000 (equivalent to approximately RMB6,080,000). As of 30 June 2024, total number of shares held by the trustee for share-based payment scheme was 6,439,000 shares (31 December 2023: 5,131,100 shares).

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 21 TRADE AND OTHER PAYABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade payables due to third parties	15,715	19,971
Trade payables due to a joint venture	307	884
Accrued payroll and welfare	418,064	418,096
VAT and surcharges	86,823	78,869
Dividends payables (Note 24)	12,881	—
Risk deposit due to customers	10,470	9,132
Others	13,606	14,087
	<b>557,866</b>	<b>541,039</b>

As at 30 June 2024 and 31 December 2023, all trade and other payables of the Group were unsecured and non-interest bearing. The fair value of trade and other payables, except for accrued payroll and welfare and VAT and surcharges, which were not financial liabilities, approximated their carrying amounts due to short maturities.

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

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

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 22 LEASE LIABILITIES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<b>Minimum lease payments due:</b>		
Within 1 year	14,234	14,971
Between 1 and 2 years	7,049	2,719
Between 2 and 5 years	3,757	2,086
Later than 5 years	1,540	—
	<b>26,580</b>	19,776
Less: future finance charges	<b>(1,496)</b>	(802)
	<b>25,084</b>	18,974
<b>Present value of lease liabilities</b>		
Within 1 year	13,511	14,397
Between 1 and 2 years	6,723	2,546
Between 2 and 5 years	3,573	2,031
Later than 5 years	1,277	—
	<b>25,084</b>	18,974

As at 30 June 2024 and 31 December 2023, the fair value of lease liabilities approximated their carrying amounts.

## 23 BORROWINGS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Bank borrowings	323,986	184,472

As at 30 June 2024, borrowings included RMB3,857,000 (31 December 2023: RMB7,238,000) resulted from the discount of notes receivables of RMB3,869,000 (31 December 2023: RMB7,259,000) to certain banks, which did not meet the conditions of derecognition of financial assets, and the remaining balance of bank borrowings were unsecured.

As at 30 June 2024, the balance of bank borrowings were matured within one year with annual interest rates of 1.45% to 3.85% (31 December 2023: matured within one year with annual interest rates of 1.46% to 4.22%).

As at 30 June 2024 and 31 December 2023, the carrying amounts of borrowings were denominated in RMB.



# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 24 DIVIDENDS

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

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

## 25 RELATED PARTY TRANSACTIONS

### (a) Key management personnel compensation

Key management includes directors (executive and non-executive), chief financial officer, vice president and secretary of the board of directors, the compensation paid or payable to key management for employee services was shown below:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Basic salaries, housing allowances, share options, other allowances and benefits in kind	3,739	4,372
Contribution to pension scheme	20	23
Discretionary bonuses	157	373
	<b>3,916</b>	<b>4,768</b>

### (b) Names and relationships with related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subjected to common control. Members of key management and their close family members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the years presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 25 RELATED PARTY TRANSACTIONS (Continued)

### (c) Transactions with related parties

The following transactions occurred with related parties:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Purchase of subcontracting services from a Joint venture		
– Tianjin Binhai Xunteng Technology Group Limited (“Xunteng Group”)	–	42
Purchase of subcontracting services from an associate		
– Zhejiang Wanyoumali Network Technology Co., Ltd. (“Wanyoumali”)	2,580	–
Provide consulting services to an associate		
– Wanyoumali	4,691	611

### (d) Balances with related parties

The following balance was outstanding at the end of the reporting period in relation to transactions with related parties:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade payables to joint venture		
– Xunteng Group	–	884
Trade payables to an associate		
– Wanyoumali	307	–
Trade receivables to associate		
– Wanyoumali	1,773	1,779

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

## 26 COMMITMENTS

### (a) Non-cancellable operating leases

The Group leased IT-equipment and other small items of office furniture during the periods. The total commitment amount was not material.

### (b) Capital commitments

Significant capital expenditure contracted for, but not recognised as liabilities was as follows:

	As at 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Purchase of property, plant and equipment	174	285

### (c) Investment commitments

Significant capital expenditure contracted for, but not recognised as liabilities was as follows:

	As at 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Committed investments	—	2,000

## 27 CONTINGENT LIABILITIES

As at 30 June 2024 and 31 December 2023, the Group had no material contingent liabilities.

## 28 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There was no significant event of the Group occurred after the balance sheet date.