MOVING INTO THE #FUTURE AS ONE

HRnetGroup ANNUAL REPORT 2018

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13
BRANDS

30
BUSINESS UNITS

13
ASIAN CITIES

HRnetGroup

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#FUTURE

HRnetGroup

#FUTURE is about bringing the art of recruitment into the age of machines, an initiative which impacts all areas of our work. Operating at the forefront of Asia's talent acquisition industry for the past 26 years, we are acutely aware that the future of work is indelibly shaped by increased automation and intelligence, and evolving models of employment as well as communication.

For our clients, future outcomes can be heavily influenced by one element that they can control in this uncertain world - hiring talents with the hunger, drive, ability and fit to bring their companies successfully into the future.

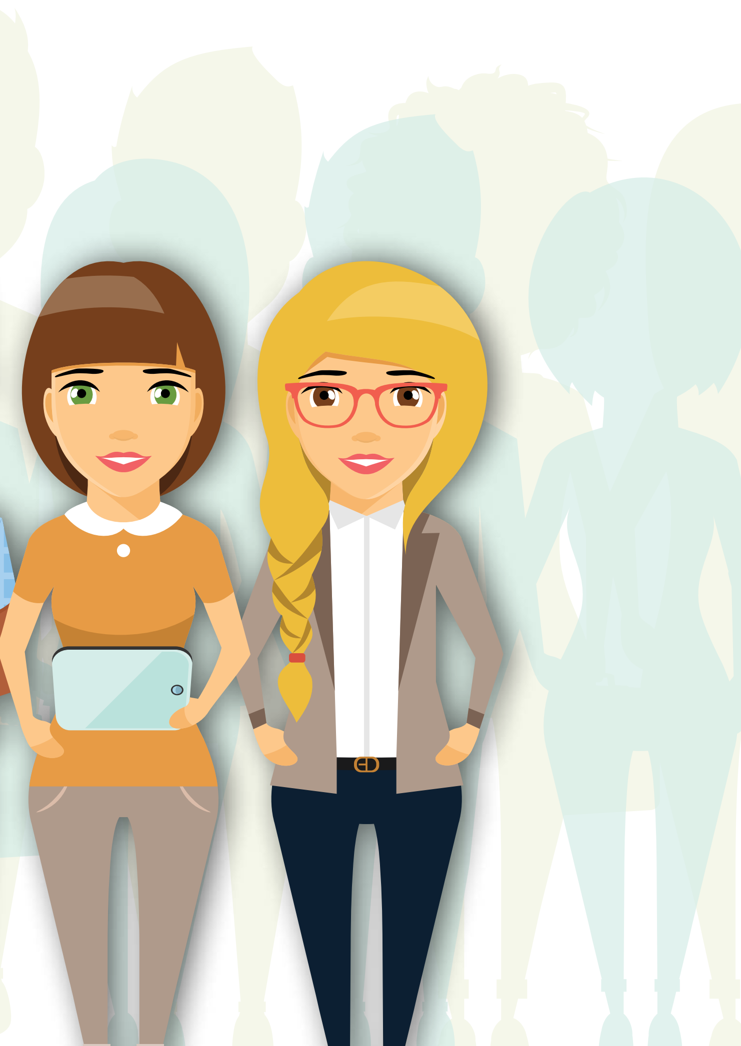
For our candidates, being future-ready means bringing their best to the table everyday, and being open and enthusiastic about learning and growing. The workplace is a far more fluid place now, and talents have to take on many more roles, some of which had never even existed before.

Here at HRnetGroup, we ceaselessly innovate and evolve so as to deliver the best outcomes for all our stakeholders. Identifying new segments of growth, harnessing technology in order to multiply the touchpoints with our clients and candidates, and producing more insightful and accurate work in ever shorter time periods, are what #FUTURE is about. All whilst enabling our headcount to directly benefit from being more productive and profitable. #FUTURE is very much about riding the waves of technology, how technological innovations can help our recruiters perform even better.

When we first started in Singapore on 28 March 1992, it was a 4-man team working tirelessly to build not just a company but an organisation of people who believed in a vision and would strive to make that vision a reality. 26 years later, we are 1,101 people, with far more tools at our disposal, offering a much broader range of services, all done while remaining true to that vision:

TO BUILD ORGANISATIONS THAT LAST BEYOND A LIFETIME.

ALWAYS WITH PURPOSE AND PASSION.



OUR ENGINES OF GROWTH

PROFESSIONAL RECRUITMENT

When we work with our clients, our focus is on finding them the best people so that they can build successful teams and generate value for shareholders. We find exceptional talents who are a particular fit for our client's business, markets and culture. All critical factors in finding the right person for the role.

The candidate selection process involves us going beyond a candidate's resume, experience and accomplishments. We take into account culture, working dynamics, along with the potential chemistry and fit between a candidate and the client's organisation as well as the hiring manager.

The arc of our approach covers far beyond the standard delivery of a talent. We mould our search process to ensure that we are first and foremost, business partners to all our clients, delivering a critical ingredient - talent.

Our twin engines of growth - Professional Recruitment & Flexible Staffing, represents a perfect combination of business models that fully support and complement each other across all areas.

THE HEART O

FLEXIBLE STAFFING

The fast-paced nature of today's business climate requires companies to be constantly adaptive and agile. Flexible staffing is a growing trend as employers are starting to see the overall value and benefit it affords them.

Increased flexibility along with reduced hiring risks and lowered overheads sum up the key reasons for this shift. It provides businesses the ability to adjust the volume of their talent pools. The date and time frame that a contractor employee is required can be easily scheduled based on dynamic business needs. Whether it is for short term project-based work or as temporary replacements to permanent hires, our clients have access to our stable pool of resources that they can tap on with one phone call or message. It presents an economic win for businesses to have access to talents as needed instead of having to shoulder the cost of adding to their permanent headcount.

HRnetOne

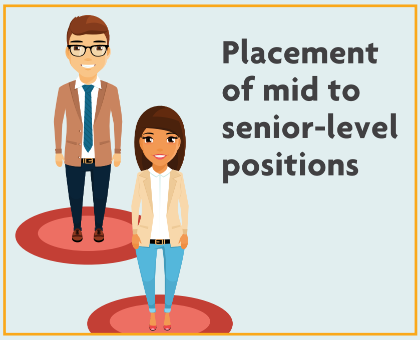
PeopleSearch PeopleFirst

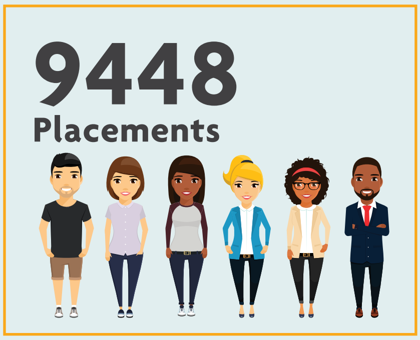
SEARCHASIA
MANAGING CAREERS PROCURING TALENT

RECRUITLEGAL
MANAGING LEGAL CAREERS PROCURING LEGAL TALENT

HRnetRimbun

REForce





F THE MATTER

RECRUIT EXPRESS

RecruitFirst

YoungTalent

CENTER POINT[1]
PERSONNEL

1 Center Point Personnel is the trading name for Career Personnel.

WHERE WE ARE

> Our geographical footprint across Asia is representative of 26 years of organisation-building

BEIJING
SEOUL
TOKYO
SUZHOU
SHANGHAI
TAIPEI
GUANGZHOU
SHENZHEN
HONG KONG
BANGKOK
KUALA LUMPUR
SINGAPORE
JAKARTA

OUR GROWTH STORY

1992
- HRnetOne — SINGAPORE

1994
- HRnetOne — KUALA LUMPUR

1996
- HRnetOne — HONG KONG
- RECRUIT EXPRESS — SINGAPORE

1998
- HRnetOne — TAIPEI

2000
- HRnetOne — TOKYO
- PeopleSearch — TAIPEI

2001
- PeopleSearch — SINGAPORE
- RECRUIT EXPRESS — TAIPEI

2004
- RECRUIT EXPRESS — SINGAPORE[1], KUALA LUMPUR

2005
- SEARCHASIA (MANAGING CAREERS PROCURING TALENT) — HONG KONG
- RECRUITLEGAL (MANAGING LEGAL CAREERS PROCURING LEGAL TALENT) — HONG KONG, SINGAPORE
- PeopleSearch — TOKYO
- PeopleFirst — KUALA LUMPUR
- RECRUIT EXPRESS — HONG KONG

2006
- HRnetOne — SHANGHAI & BANGKOK
- PeopleSearch — HONG KONG

1 Recruit Express Services launched in Singapore.

2007

SINGAPORE
SEARCHASIA
MANAGING CAREERS PROCURING TALENT

2008

BEIJING
HRnetOne

2011

SEOUL & GUANGZHOU
HRnetOne

SHANGHAI
PeopleSearch

2013

SINGAPORE
RecruitFirst

2015

TAIPEI
YoungTalent

2016

SINGAPORE
yespay
Reward life everyday.

2017

HRnetGroup

16 JUNE 2017
LISTED ON THE MAINBOARD OF SINGAPORE EXCHANGE

HONG KONG
RecruitFirst

KUALA LUMPUR
RECRUITLEGAL
MANAGING LEGAL CAREERS PROCURING LEGAL TALENT

2018

JAKARTA
HRnetRimbun

BEIJING
SHANGHAI
GUANGZHOU
SUZHOU
REForce

HONG KONG
CENTER POINT PERSONNEL

2019

KUALA LUMPUR
SHANGHAI
TAIPEI
RecruitFirst

SHENZHEN
HRnetOne

BOARD OF DIRECTORS

PETER SIM[1]

Founding Chairman

Peter Sim is our Founding Chairman. He founded the company in 1992 and has over 40 years of expertise in social work, human resource management, and in particular, talent acquisition.

Forever lucky and diligent. That about sums up who the aptly-named Peter is. His Chinese name literally means Forever Lucky.

From the vantage point of his corner office, Peter has a view of the entrance to our Corporate Office, and is commonly known to walk out to greet visitors and seat them, and even get a coffee for them.

These small signs give away how hands-on he is about running this company - nothing is too small to deserve his attention. Everything is thoughtfully done. He personally conducts sales trainings for new consultants, leadership workshops for emerging leaders, and even designs and selects art works for our offices across the region.

Having turned 65, Peter continues to keep 12-hour days at work, and can be found most Saturdays at one of our business units or at an event in Tokyo, Shanghai, Taipei, Hong Kong or Kuala Lumpur, engaging with our people. It is how we organise ourselves, how we refine our services and give our clients more than they dreamed of asking which sets us apart. Peter sets the tone on how we work on that relentlessly.

Peter has played various HR roles at organisations including McDermott South East Asia Pte Ltd, the Monetary Authority of Singapore, Singapore Aerospace Pte Ltd and Thomson Consumer Electronics Pte Ltd. His last role before founding HRnetOne was the Regional Human Resource Director of Honeywell SEA Pte Ltd.

He graduated with a Bachelor of Arts from the University of Singapore in 1976 and is also an associate of the Institute of Chartered Secretaries and Administrators, UK.

1 Sim Yong Siang.

HEARTS AT THE HELM

JS SIM[2]
Executive Director and Chief Executive Officer of Recruit Express Group of Companies

If you were to look up the personality traits of those born in the year of the Rooster, you'll find that diligence, resourcefulness, courage, talent, and confidence are some of the common descriptions used. Not surprisingly, JS embodies these very characteristics. He is the personification of what happens when humility and practicality combines with intelligence and determination.

As the Chief Executive Officer of Recruit Express, Recruit Express Services and SearchAsia, JS leads close to 400 people across Singapore, Taipei, Hong Kong and Kuala Lumpur.

Every single candidate who aspires to join the Recruit Express and SearchAsia teams have to be interviewed by him, and it is the stuff of legend that leaders are super pumped when he approves a candidate for hire. Thereafter, JS personally conducts the sales training for this elite squad, and tracks them in the monthly missive he sends to his leaders.

JS started his career in 1982 with Aurora Products Pte Ltd and was Head of Personnel before joining General Electric Intersil Pte Ltd in 1983. Prior to joining Recruit Express, he was the Regional Human Resource Director of Motorola Electrics Pte Ltd.

He graduated with a Bachelor of Science from the National University of Singapore in 1982 and received a Graduate Diploma in Personnel Management from the Singapore Institute of Management in 1984.

2 Sim Joo Siang.

BOARD OF DIRECTORS

ADELINE SIM[1]

Executive Director and Chief Legal Officer

Adeline Sim is our Executive Director and Chief Legal Officer. She leads strategic and tactical initiatives, and is a member of the Investment Committee identifying and executing acquisitions. Adeline also oversees the technology, digital marketing, investor relations and communication functions of the Group. In her role as Chief Legal Officer, Adeline provides counsel and guidance on legal matters across the 30 business units we have in 13 Asian cities.

On any given day, Adeline can be found doing business reviews with our leaders, driving a Leaders' Breakfast Club event with clients, cutting a deal or meeting with investors. Adeline's love for life and people definitely helps fuel a very demanding and varied schedule, which sees her reaching across time zones and forging relationships with stakeholders and targets alike.

Adeline began her career as a lawyer with Drew & Napier LLC in 2004 where she was engaged in dispute resolution and subsequently, capital markets work. She left the firm in 2008 to join our Group. She graduated with a Bachelor of Laws from the National University of Singapore in 2003, was admitted to the Singapore Bar in 2004, and was a Solicitor of the Supreme Court of England and Wales in 2006. Adeline is also a Director of the Singapore International Mediation Centre, as well as a member of the Finance Committee of Saint Joseph's Institution International, and until March 2019, the President of the Nanyang Primary School Parent-Teacher Association.

SIN BOON ANN

Lead Independent Non-Executive Director and Chairman of Nominating Committee

Boon Ann is very much the legal eagle who has been with Drew & Napier LLC since 1992. Following his retirement as Deputy Managing Director of the Corporate Finance Department and Co-Head of the Capital Markets practice in March 2018, Boon Ann remains a consultant with the firm, and is also the Independent Director of CSE Global Limited, Datapulse Technology Lmited, OUE Limited, Rex International Holding Limited and TIH Limited - testimony to his acute commercial sensibilities.

Somehow, in the midst of doing all that and raising 3 highly accomplished children with his beautiful wife, Boon Ann was also the Member of Parliament for Tampines GRC from 1996 to 2011.

The force is strong with this one, and Boon Ann was conferred the Singapore National Day Award - "The Public Service Star (Bintang Bakti Masyarakat)" in 2018 and "The Public Service Medal (Pingat Bakti Masyarakat)" in 2013 by the President of Singapore. He was also conferred the May Day Award - "Friend of Labour" (2003) and "Meritorious Service" (2013) for his contributions and commitment to the labour movement in Singapore. Last year, Boon Ann was awarded the Distinguished Service Award by NTUC.

Boon Ann received his Bachelor of Arts and Bachelor of Laws from the National University of Singapore in 1982 and 1986 respectively, and a Master of Laws from the University of London in 1988. He was admitted to the Singapore Bar in 1987.

1 Sim Wei Ling, Adeline.

MAE HENG[2]

Independent Non-Executive Director
and Chairman of Audit Committee

Mae is the beauty in our boardroom who was appointed as our Independent Non-Executive Director on 16 May 2017. Mae spent over 17 years at Ernst & Young Singapore, leaving her skilled at keeping us in line with best practices in internal controls, governance and compliance. It is the confluence of amazing people skills and strict attention to rules and details which make her truly exceptional.

Mae is also an Independent Director of Apex Healthcare Berhad, Chuan Hup Holdings Limited, Grand Venture Technology Limited, Ossia International Limited, Pacific Star Development Limited and Venture Technology Limited. She holds directorships in her family-owned investment holding companies. Her extensive experience with companies operating in the region gives Mae a broad and rich lens when approaching business situations.

Mae graduated with a Bachelor of Accountancy from Nanyang Technological University in 1992 and is a member of the Institute of Singapore Chartered Accountants.

NS TAN[3]

Independent Non-Executive Director
and Chairman of Remuneration Committee

NS is our implacable, wise sage who can be counted on to be the voice of reason and experience. That, and his vast experience, coupled with knowledge through reading and travelling very widely gives him fabulous credentials to be our Independent Non-Executive Director.

With 31 years of experience logged in the human resource sector, NS is an expert HR practitioner and was at one point a client using our services across the region when he was the Regional Asia Pacific Director of Rohm and Haas and the Regional HR Director for the Eastman Chemical Company.

NS graduated with a Diploma in Management Studies from the Singapore Institute of Management in 1982, and a Graduate Diploma in Personnel Management from the Singapore Institute of Management / Singapore Institute of Personnel Management in 1983.

Today, NS is also the Independent Non-Executive Director for Plastoform Holdings Ltd and Serrano Ltd.

2 Heng Su-Ling Mae.
3 Tan Ngiap Siew.

MANAGEMENT TEAM

JENNIFER KANG[1]

Chief Financial Officer (CFO)

Jennifer began her career in 1989 as an auditor with Coopers & Lybrand, before joining AT&T Singapore Pte Ltd. She was involved in the financial control and IPO of an SGX-listed company. She also performed M&A work with BIL International Limited and corporate planning with Abacus International Pte Ltd.

The experience that Jennifer garnered proved to be an asset when she started her career with HRnetGroup in 2003 as a Regional Finance Director. She went on to lead one of our professional recruitment businesses in Malaysia in 2007 before co-pioneering HRnetOne Beijing in 2008. Jennifer took on the role of CFO of HRnetGroup in 2012.

Her ability to deal with ambiguity, coupled with a strong technical background, sees her meeting success in the myriad projects she embarks on - whether it is financial control, treasury work, navigating within the HR industry for strategic investment opportunities, and reaching out and executing deals with business owners for M&A.

Jennifer graduated with a Bachelor of Accountancy from the National University of Singapore in 1989. She also received a Master of Business in Information Technology from the Royal Melbourne Institute of Technology in Australia in 1998.

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LORENCZ TAY[2]

Group Business Leader and Managing Director of PeopleSearch Group of Companies

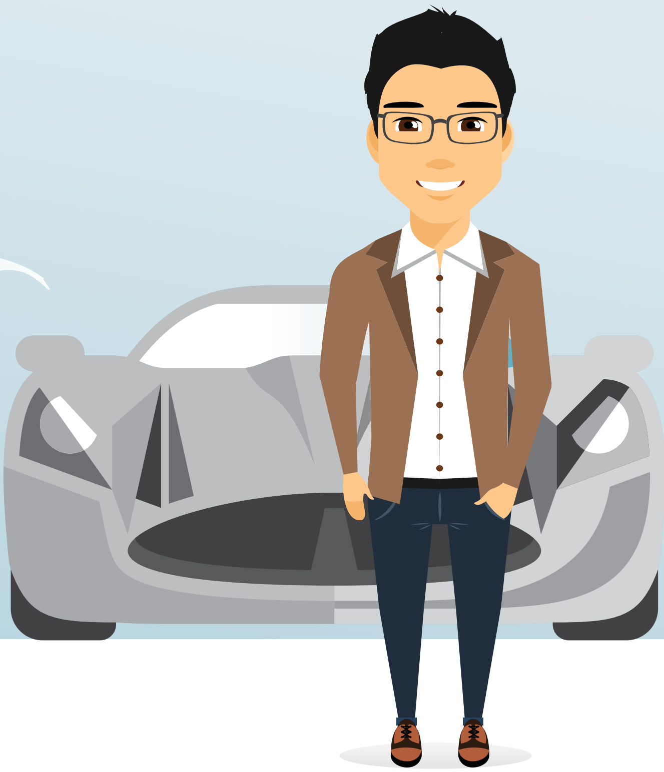
Lorencz Tay began his career in 1993 as a recruitment and accounts officer with HRnetOne and rapidly made his mark, when he was appointed a Managing Director in 2005. In 2007, Lorencz took on the role of Group Business Leader and Managing Director of the PeopleSearch Group of Companies.

A little bit Peter Pan, a little bit Lewis Hamilton and a whole lot of passion and determination – that basically sums up who Lorencz is. An industry veteran with more than 2 decades of experience, Lorencz leads a team of 200 consultants across Singapore, Taipei, Tokyo, Hong Kong and Shanghai.

He has personally hired and groomed many of HRnetGroup's top performers and leaders – all of whom have undying loyalty to Lorencz and the company.

Oh and why Peter Pan you ask? At 51 years of age, Lorencz looks not a day older than when he first stepped through the doors of HRnetOne!

Lorencz graduated with a Bachelor of Arts from the National University of Singapore in 1993.



1 Kang Ah Eng Jennifer.
2 Tay Yuh Shiuan Lorencz.

DAISY TAN

Chief People Officer (CPO)

Daisy is our in-house yogi and CPO who joined us back in 1992. Somehow she managed to shimmy her way juggling 3 children and a truly exceptional career over the course of 26 years in HRnetGroup - handling the accounts at one stage, being a senior regional consultant and business services manager at another, even at some point being part of the core team setting up the Recruit Express brand - truly mastering the art of people in the course of these experiences.

Daisy is without a doubt the best-placed person to be our CPO, a role she has played since 2012, known for being able to read the energies in a room at a glance, wielding her gift in wondrous ways to get people to do her biding. Which invariably involves doing a better job than they even thought possible. Daisy's laser focus on building culture and values is also well known. It is by no coincidence that ethics and beliefs feature strongly in our half-yearly performance appraisals. As a professional services firm, it is the intangibles which set us apart.

Back when she must have been a child, Daisy obtained a Diploma in Human Resource Management from the Singapore Institute of Human Resource Management in 1995.

MADELINE WAN[3]

Group Business Leader and Senior General Manager of the Greater China and Japan businesses for HRnetOne

Madeline Wan joined HRnetOne in Singapore as a consultant in 1996. In 1999, she brought the brand into Taipei, and 4 years later took over the running of HRnetOne Hong Kong. By 2007, HRnetOne Tokyo also came under her charge. Together with her stalwart leaders, she was responsible for the HRnetOne businesses successfully taking root in Shanghai, Beijing and Guangzhou. This year, she will add Shenzhen to the list. Madeline also guides the REForce team, our first acquisition in China.

Much like the complexities of a full bodied red wine, Madeline's presence in the organisation has been nothing short of multifaceted. She is on the plane every week, with luggage, mettle and ardour in tow. Known to have meetings wherever and whenever - from sales updates with her team over a Japanese breakfast in Kyoto to cocktails and sliders with a client at Manhattan bar - many (if not all!) of her best light bulb moments were conceived over a glass of wine or two.

Our Talent Mapping approach to executive search work can also be credited to Madeline. She has been preaching this technique since 2005 and has truly honed it to perfection. Madeline's understanding of market trends, leadership practices, the needs of candidates and the wants of companies is world-class.

Singapore Polytechnic should be so proud of this alumnus who graduated with a Diploma in Chemical Process Technology in 1992.

3 Wan Poh Cheng Madeline.

REPORTING SUCCESS SURGING FORWARD

DEAR SHAREHOLDERS

REPORTING SUCCESS

In our 2017 Annual Report, we had said that our focus for 2018 would be to (i) grow and strengthen our headcount, (ii) grow bigger and have more business units, and (iii) make strategic, opportunistic acquisitions.

We are happy to report success on all 3 fronts.

Our headcount, which we today term heartcount (the change in terminology was due to the fact that we want to work with our hearts, and emphasize the human dimension of our people), has grown by 98 hearts to 1,101. The increase in heartcount was also matched by the increase in percentage of Productive Heartcount (PHC) (i.e. employees who bring in gross profit in excess of 3 times of their payroll cost) to 74%. This points towards the improvement in the quality of our heartcount. No dead weight around here.

In terms of expansion, we have delivered on this front with the resurgence of our units in Hong Kong and China, and the addition of Jakarta, Suzhou and Shenzhen to our cities of coverage. North Asia, now contributes 42.5% of our gross profit, up from 38.1% just a year ago. In dollar terms, this was a S$14.1m increase in gross profit, which is significant improvement indeed.

Through the successful acquisitions of stakes in the businesses of Rimbun, Glints, REForce and Career Personnel, we have enlarged our geographical scope and increased our functional coverage. Our joint venture with Rimbun – HRnetRimbun, marks our return to the Indonesian professional recruitment market, and in the short span of 4 months since commencing operations, has definitely sparked joy. REForce, has bulked up our capacity to deliver in China, and brought us into new areas of specialisation such as new energy automotive.

PETER SIM
Founding Chairman

ADELINE SIM
Executive Director and Chief Legal Officer

CONSTANTLY EVOLVING A2R (ACTIVITIES2RESULTS)

We seek growth, in a profitable manner. We are constantly innovating on all fronts, and 2018 saw a number of new initiatives to drive both better customer as well as employee experience.

A key theme of 2018 was #FUTURE - actions to bring us into the future. On the technology front, this included bringing our client management system to mobile, allowing consultants to access and input information on the go. For our candidates, we began the move away from hard copy candidate application and declaration forms, to a mobile version which candidates input on their phones and complete even before they step foot in our offices. For contractor employees, we launched the option of e-timesheets in place of hard copies, so that they can clock-in on their phones and clients can verify hours worked in real time. Even our name cards took a new form, with hard copy name cards giving way to QR name cards which instantaneously creates a complete and accurate contact card for recipients.

Beyond technology, a notable #FUTURE initiative was our Leaders' Breakfast Club series in Singapore, Tokyo, and Jakarta to unwrap contentious HR issues in the intimacy of a closed group. For selected Key Accounts, we became their primary partner and took on responsibility for all their recruitment needs. For others, we now run campus recruitment activities as well.

#FUTURE also recognises the need for our millennial employees to see quick success, and we are thus actively planning for confirmation of new hires within 100 days, as well as for a tight Promotion Schedule to be followed. Monthly Breakthrough Performance Plans have became de rigeur and a clear emphasis on every person exceeding their job size meant that our Leaders' Summit qualification criteria for the first time looked beyond sales to whether each leader had the required number of heartcount they ought to have at their appointment level.

We are clear that there has to be a relentless drive to evolve and be better versions of ourselves. Diligently working on it yields results.

For 2018, we are reporting normalised profit after tax and minority interests[1] (PATMI) growth of 29.3% to S$52.1m, and normalised net profit after tax[1] (NPAT) growth of 24.0% to S$56.3m. By all accounts, these are credible results, particularly after taking into account a challenging fourth quarter which also saw 2 technology darlings decide to quit the market without settling their bills, leading to us having to make a bad debt provision of S$1.5m.

In light of the otherwise vibrant year however, we are recommending to pay 50% of normalised NPAT in dividends i.e. S$28.2m, which would be a more accurate reflection of our actual operational performance.

#2019GOALS

We are not immune from macro trends, but you can be sure we work to capitalise on opportunities made available from instability, and seek to outperform the market by being faster, better, hungrier.

We will continue looking for new markets, good companies to co-own, strategic alliances and investments, whether in Southeast Asia, Indochina or beyond.

We will strengthen our product offerings in existing cities. Expanding our staffing product into more cities, especially the North, has two functions – for growth, and to stabilise our income contributions from the region. Staffing has that sticky, stable quality which we will want to have in the North particularly now that it is probable North Asia will contribute more than half of our gross profit in the near future. The RecruitFirst brand, a staffing product, has been launched in Kuala Lumpur on 1 January 2019, and will be rolled out to Shanghai on 1 April 2019, with RecruitFirst Taipei to follow on 1 July 2019. The RecruitFirst product was first launched in 2013 and has been very well received in both Singapore and Hong Kong. With Co-Owners Daniel Choong, Annie Zhang, Jway Zhu, Steven Lim and Benny Chang leading the movement to bring RecruitFirst successfully to market in these cities, 2019 will be an exciting year indeed.

On the professional recruitment front, we intend to convert coverage of Shenzhen into a full-fledged HRnetOne Shenzhen by 1 July 2019.

Given the success of our Co-Ownership Plans in retaining productive heartcount, we target to increase the number of Co-Owners by 150 in the course of the year.

As before, we are looking forward to meeting with you at our Annual General Meeting, and warmly invite you to have a *Teochew Muay* breakfast with us on Friday, 26 April. See you then!

1 Normalised NPAT and normalised PATMI excludes unrealised gain / (loss) on revaluation of financial assets. Specifically, S$3.9m of unrealised loss was added back to reported NPAT for 2018, while S$1.0m of unrealised gain was deducted from reported NPAT.

BUSINESS STRATEGY

STRATEGY ONE

Deepen presence and improve resilience of businesses in each city by expanding our service offering

HOW TO GET THERE

To roll out our flexible staffing product in the existing cities we are in

We offer professional recruitment services in all 13 Asian cities we operate in. Our professional recruitment business has done well, evident from the positive bottom line we see in every city. However, we have yet to fully exploit the potential of each city we are in. One way to achieve this is to add flexible staffing to our suite of service offerings in those cities we currently operate in.

We currently offer our flexible staffing product only in Singapore, Hong Kong, Taipei and Kuala Lumpur. Over the years, we have realised that although margins for flexible staffing are relatively lower, it brings various benefits, including a more resilient and stable income stream and a deeper relationship with clients due to the higher frequency of contact.

With global uncertainty on the rise and business sentiment getting more sensitive and volatile in recent times, it is more important than ever to further improve the diversity of our revenue sources, in terms of business mix and industry, to increase the robustness of our business model.

OUR TOP 5 CUSTOMERS HAVE BEEN WITH US FOR AN AVERAGE OF 18 YEARS

	Customer since	FY2018 Revenue Contribution
Asian Conglomerate One of the top 3 largest technology companies globally by revenue, Fortune 100	1999	**3.6%**
Singapore Bank One of the top 3 largest banks in ASEAN by total assets	2000	**3.3%**
Regional Telco One of the top 3 largest telcos in Asia by total wireless subscribers, Fortune 500	1999	**2.4%**
European Bank One of the top 10 largest bank globally by total assets, Fortune 500	2000	**2.2%**
International Bank One of the top 10 largest bank globally by total assets, Fortune 500	2000	**2.2%**
Contribution from Top 5 clients		**13.7%**
Contribution from Top 10 clients		**21.1%**

We have a highly diversified and loyal customer base. A number of our top clients, are our flexible staffing business clients, and have been with us for almost two decades.

STRATEGY TWO

Expand our geographical footprint to scale and create a comprehensive network across the region

HOW TO GET THERE

Setting up new outfits in new cities within the Asian region, via both organic and inorganic expansion

The acquisition of Rimbun Job and REForce, reinforced the synergies of having a comprehensive regional network, where we are able to service our regional clients more effectively across their different regional offices with an our expanded footprint.

The dynamics of the Asian region is diverse, with varying degrees of economic development and income levels across the different countries. The growth of China as an Asian powerhouse is undisputed, and there are many more cities with talent acquisition and staffing needs. There is also the Southeast Asia and Greater Mekong area markets which possess great potential. We look forward to partnering clients in such high-growth areas and expanding market presence across the region. We aim to position ourselves as a regional player who is able to cater to the needs of both local clients as well as those with regional ambitions and needs.

STRATEGY THREE

Maintain a lean and productive workforce to uphold high levels of efficiency and profitability

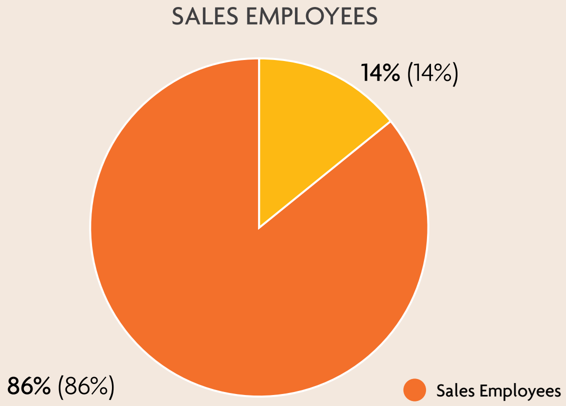
HOW TO GET THERE

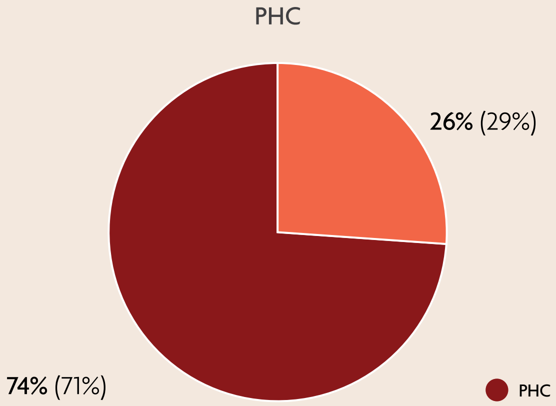
- **Constantly reviewing our organisation structure to ensure an effective mix of sales and support staff**
- **Providing the elements necessary to grow and develop PHC**

We are proud to say that we probably have one of the highest proportion of sales employees versus total heartcount in the industry, and the benefit is clear – we are able to achieve a healthy efficiency ratio of ›40%, a level superior to many of our peers. We emphasize the concept of PHC. This concept not only ensures that we stay lean and competitive, but also gives our employees a very transparent measure of performance.

The idea is simple, we want every employee to be contributing profits, and by doing so, the value they create is a testament of their own competency. Coupled with our unique profit-sharing remuneration schemes, our employees are constantly motivated to be in control of their own success and financial returns!

EFFICIENCY & PRODUCTIVITY





Permanent employees: 941 (2017: 809) (% in brackets denotes 2017 figures)

STRATEGY FOUR

Drive technology and digitalisation adoption to improve efficiency and quality of delivery

HOW TO GET THERE

- **Digitalise end-to-end processes to enhance the client, candidate and consultant experience**
- **Experiment and adopt the use of new technologies which aid in the quality of our service delivery**

We leverage on innovation and technology for our future-ready business model and workforce.

Our usage of technology focuses on 2 primary areas:

- Improving work systems by creating faster and more streamlined processes
- Improving the candidate and client experience using performance metrics so we can better assess and improve our service standards and delivery. Refer to page 29 (Embracing technology to increase and improve interactions with our clients and candidates) for more details on what we have achieved during the year on this front.

STRATEGY FIVE

Maintain a sustainable business model by managing key business risks via a formalised and comprehensive framework

HOW TO GET THERE

Establishing an Enterprise Risk Management framework

We define risk as anything that might obstruct us from achieving our business and strategic objectives. We are committed to mitigating and managing risks effectively and ensuring that the impact to the Group is minimal as practically possible by:

- Identifying risks as comprehensively and as early as possible;
- Analysing and prioritising the risks according to the impact and likelihood criteria;
- Based on our established risk appetite, developing the appropriate risk treatment measures to mitigate and/or dismiss the risks; and
- Monitoring the development of the risks and identified controls on a continual basis.

The management of risks is a shared responsibility at all levels of the Group. Our Board of Directors and Executive Officers are committed to achieving a proactive and systematic approach to managing risks.

As the Group grows bigger and our operations get more complex with our expansion in scale, we aim to manage risks effectively by providing a systematic framework to support leaders in making informed business decisions and improve outcomes. And that is why we are in the process of institutionalising our enterprise risk management framework and processes.

KEY FINANCIAL HIGHLIGHTS

KEY FINANCIAL HIGHLIGHTS

OVERVIEW OF FY2018 RESULTS

RECORD TOP LINES

Revenue

S$428.5m

▲ 9.3%

(FY2017: S$391.9m)

Gross Profit

S$155.3m

▲ 14.2%

(FY2017: S$136.0m)

GREAT PROFITS

NPAT

S$52.4m

▲ 12.9%

(FY2017: S$46.4m)

Normalised NPAT

S$56.3m

▲ 24.0%

(FY2017: S$45.4m)

PATMI

S$48.2m

▲ 16.7%

(FY2017: S$41.3m)

Normalised PATMI

S$52.1m

▲ 29.3%

(FY2017: S$40.3m)

Normalised Efficiency Ratio (EBITDA[1]/Gross Profit)

42.9%

▲ 2.4% points

(FY2017: 40.5%)

BUSINESS VOLUME

Contractor Employees

12,112

▲ 941

(FY2017: 11,171)

Placements

9,448

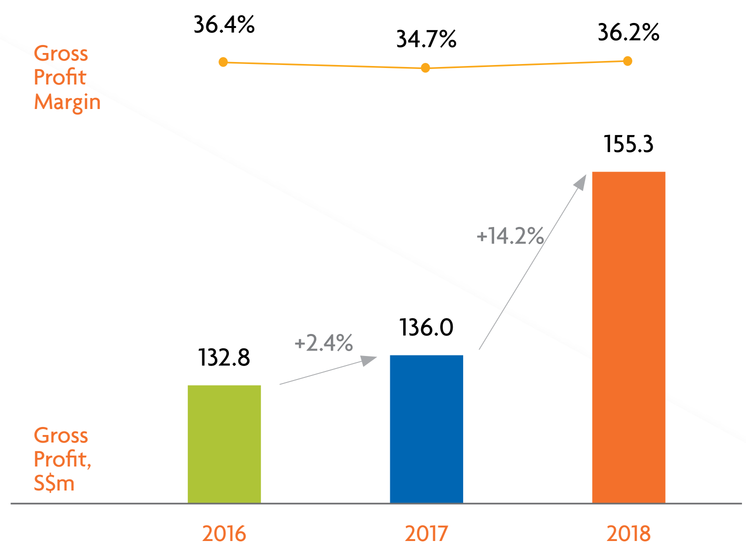
▲ 1,232

(FY2017: 8,216)

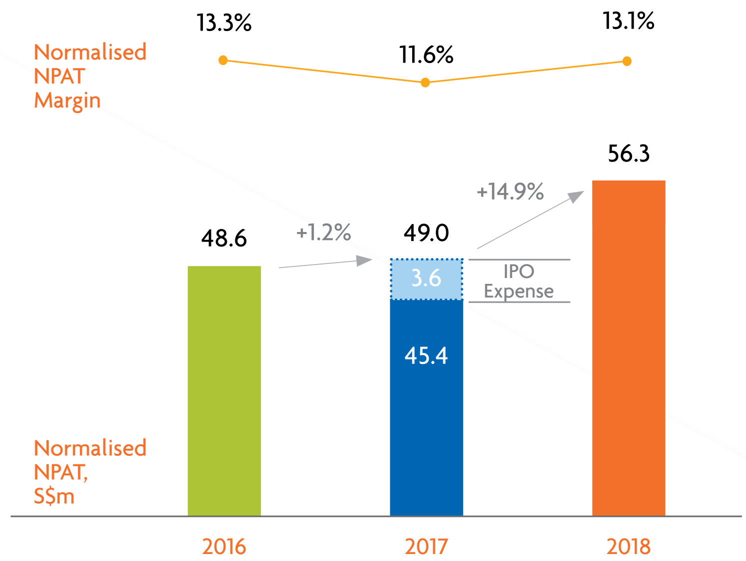
1 EBITDA refers to earnings before interest, tax, depreciation and amortisation

HEALTHY GROSS PROFIT & NPAT GROWTH

GROSS PROFIT & GROSS PROFIT MARGIN



NORMALISED NPAT[1] AND NORMALISED NPAT MARGIN



1 Normalised NPAT excludes unrealised gain / (loss) on revaluation of financial assets. Specifically, S$3.9m of unrealised loss was added back to reported NPAT for 2018, while S$1.0m of unrealised gain was deducted from reported NPAT for 2017. S$0.2m of unrealised loss was added back to reported NPAT for 2016.

S$428.5m

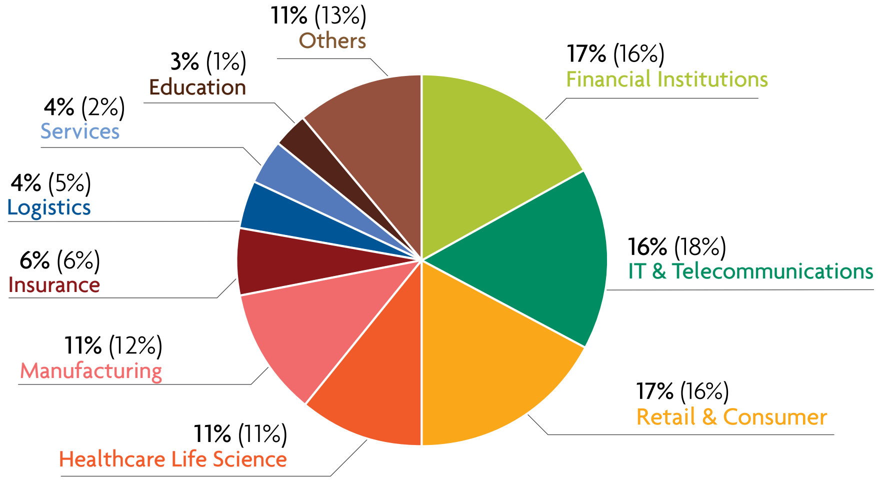
REVENUE

YOY UP 9.3% FROM S$391.9M

Revenue crossed the S$400m milestone for the first time, with each of the last five consecutive quarters registering steady top lines in excess of S$100m. The two key operating segments remain as flexible staffing, which contributed 75.2% (2017: 77.0%) and professional recruitment, 24.1% (2017: 22.1%), while we incubated the payroll outsourcing business that is complementary to the core recruitment business.

Our revenue mix remains diversified from an industry concentration angle as we build our deep specialisations across different sectors. As at 31 December 2018, none of the sectors contributed more than 20% of our revenue.

REVENUE BY SEGMENT



(% in brackets denotes 2017 figures)
* 2017 figures restated

S$155.3m

GROSS PROFIT

YOY UP 14.2% FROM S$136.0M

Gross profit for flexible staffing, which contributed 32.3% (2017: 34.2%), was derived after deducting direct costs such as contractor employees' payroll and benefits from the revenues. Gross profit for professional recruitment is typically similar to revenue and that contributed 66.3% (2017: 63.6%), of the Group's gross profit.

Gross profit margins were well maintained at 99.6% (2017: 99.7%) for professional recruitment and 15.5% (2017: 15.4%) for flexible staffing. The overall gross profit margin increased from 34.7% to 36.2% as the proportion of contribution by professional recruitment has increased.

PROFESSIONAL RECRUITMENT

Revenue grew by 19.1% to S$103.3m and gross profit by 19.0% to S$102.9m, attributable mainly to the strong performance of our existing business units in North Asia (particularly in Mainland China and Hong Kong) and Singapore.

FLEXIBLE STAFFING

Revenue grew by 6.7% to S$322.2m and gross profit by 7.6% to S$50.1m, largely led by our business units in Singapore and Hong Kong.

M&A

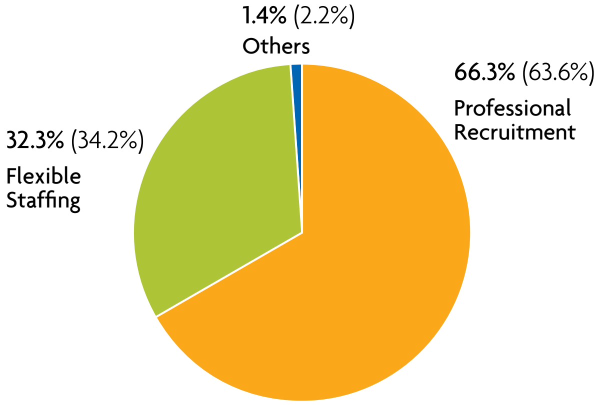
The growth of revenue and gross profit were partially attributable to the acquisitions of REForce, Rimbun Job and Career Personnel which were completed in the last 4 months of the year. These new business units contributed S$4.4m in revenue and S$2.9m in gross profit.

GEOGRAPHICAL SEGMENTS

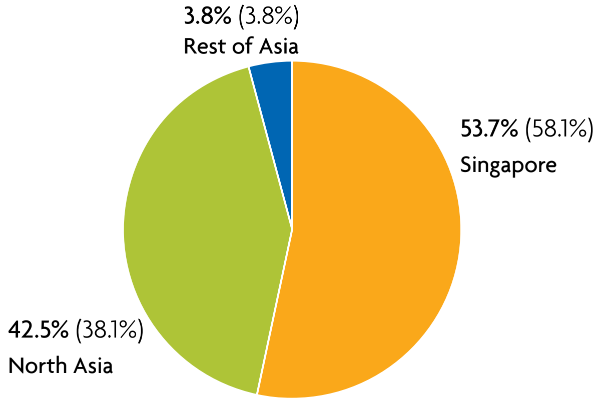
We started the year with 10 cities of operations and ended the year with coverage of 13. Our rapid geographical diversification into three new cities came about through the acquisition of Rimbun Job which operates in Jakarta, REForce which operates in Suzhou in addition to the Chinese cities we are already in, and the establishment of HRnetOne Shenzhen.

Singapore remains our largest contributor generating 73.7% (2017: 76.1%) of revenue and 53.7% (2017: 58.1%) of gross profit. North Asia contribution rose to 24.1% (2017: 21.6%) of revenue and 42.5% (2017: 38.1%) of gross profit due to growth from China and Hong Kong. Our HRnetOne and PeopleSearch brands did exceedingly well and the acquisition of REForce boosted growth further. Our Hong Kong performance was spurred by the delivery of stronger results from RecruitFirst which commenced operations in January 2017, and HRnetOne which continued to charge ahead.

BREAKDOWN OF GROSS PROFIT BY BUSINESS SEGMENTS



BREAKDOWN OF GROSS PROFIT BY GEOGRAPHICAL SEGMENTS



KEY FINANCIAL HIGHLIGHTS

CASH FLOW

The Group remains debt-free as cash and cash equivalents stood at S$281.8m (2017: S$289.1m). Operating activities generated S$51.6m and the sale of quoted equity investments generated proceeds amounting to S$3.4m. We invested in S$17.6m of quoted equity investments, S$6.3m of unquoted equity investments and S$5.0m of quoted debt instruments. We also paid dividends totaling S$24.6m and incurred S$6.6m in share buybacks. As part of our expansion activities, we spent S$1.7m on the renovation of our offices and software development.

INVESTMENTS

With the completion of the acquisitions of REForce, Rimbun Job and Career Personnel, we recognised S$12.3m as goodwill for part of the total purchase consideration in excess of the fair value of the net identifiable assets of the businesses acquired.

For certain acquisitions, there were deferred components in the total purchase considerations, which are payable over the agreed earned-out period. S$4.8m being payable within the next twelve months was treated as deferred consideration under current liabilities, while S$8.6m payable thereafter was recognised as deferred consideration under non-current liabilities. The increase in income tax payable was in line with the higher amount of taxable profit generated by the business.

Subject to the completion of the Purchase Price Allocation exercise by August 2019, the value of intangible assets arising from the business combinations is estimated to be S$2.2m.

STAKEHOLDERS' REPORT

WHAT WE DID FOR CLIENTS, CANDIDATES, EMPLOYEES, INVESTORS, GOVERNMENTS, AND REGULATORS

Our key stakeholders are those who most materially impact our strategy, or are directly impacted by it. They comprise our clients and candidates, employees, investors, government and regulators, and society at large. Engagement with stakeholders provides us with an understanding of the matters they are most concerned with. These matters help us define our strategic priorities and guide our initiatives. Over the year, we have planned and executed various initiatives to engage with our stakeholders and address their key concerns.

CLIENTS AND CANDIDATES

WHAT THEY EXPECT	HOW WE RESPOND	HOW WE ENGAGED THEM IN 2018
• Reasonable fees (clients) • Fair and prompt services • Responsible advice • Protection of data and privacy • Convenient access to information and services	• Maintaining the highest professional and ethical standards in all our dealings with our clients and candidates • Ensuring that our people are equipped and committed to advise and to act in the best interests of our clients and candidates • Providing our clients and candidates with clear and transparent information so that they can make informed decisions • Developing multiple (digital) platforms to increase number of touchpoints with our clients and candidates and digitalising processes to improve the user experience • Managing feedback independently, effectively and promptly	• Video conferencing in addition to face-to-face meetings • Websites and social media outreach • Events (e.g. Leaders' Breakfast Club for clients and recruitment events for candidates) • Bi-weekly Gossips, Rumours, Intelligence and News (GRIN) report • The development of post-transaction surveys to seek feedback on their experience

SUPPORTING MARKET GROWTH

HRnetGroup is constantly evolving to adapt to market changes and provide the resources needed in existing, new, and promising markets. We are agile at decision-making and are quick to respond to new market and clients' needs. Companies need the right talents in the right places at the right times in order to grow and expand. Our objective is to work with companies to identify and acquire quality and relevant talents to help in accelerating their growth and success.

Our highly diversified base of premium customers, many who have been with us for a long time, are testament to the quality of service we provide them.

We are always on the lookout to expand our presence in new geographies and market segments. In 2018, the acquisition of Rimbun Job added a new market, Jakarta, to our footprint. Since then, we have integrated Rimbun Job as part of the HRnetGroup family and they are now known as HRnetRimbun. The new entity brings together a combination of HRnetGroup and Rimbun Job's existing product offering, brand value, resources and partners to create significant value for our stakeholders and the job market in Jakarta. This acquisition also marks the start of our journey in strengthening our network in the up-and-coming markets of Southeast Asia and Indochina.

Another of our future-ready moves was our investment in Glints. Since its inception, Glints has focused on the millennials. Today, it is one of the leading recruitment platforms in the young professional space with 430,000 candidates across Singapore and Jakarta. Glints is popular amongst the young and fresh out of university and has carved a clear niche for itself. It is also a test lab for us to explore the use of technology, particularly, artificial intelligence and machine learning in the course of talent acquisition work, possibly improving the efficiency and quality of delivery of our assignments. It provides another avenue for HRnetGroup to stay ahead of the curve in a competitive digital HR space.

In our existing markets, we are also relentless in deepening our presence. In Hong Kong, our acquisition of Career Personnel paved the way for our entry into new market segments.

THOUGHT-LEADERSHIP PLATFORMS

Being a leading talent acquisition agency in the region, we take it as our responsibility to play an active role in creating a community amongst HR leaders to facilitate the sharing of best practices and innovative ideas that aid in the development of better employment cultures and environments.

This vision led to the birth of the Leaders' Breakfast Club – an event platform organised by HRnetGroup to draw an audience of senior executives from multinationals and local corporates across diverse industries. At this forum, we discuss thought-provoking topics relating to HR trends and other industry related content. Our goal is to bring together bright minds in a safe setting that fosters peer learning and inspiration. So far, the topics we have discussed include:

- Millennials in the work place – How to deal with the new generation in the workforce
- When the Kids are Leading – How young leaders work and how to implement appropriate boundaries
- Retaining the Best – Best practices to retain desired talents
- #LOL: Cultivating your League Of Leaders – Programmes put in place to nurture emerging leaders, develop leaders of leaders and recognise that leaders have a life too

The objective is to help companies brainstorm sustainable practices to manage common challenges and satisfy the needs of individuals whilst achieving corporate goals.

To share some of our insights gained through our intimate knowledge of a diverse range of talents and industries, we are also started publishing our own proprietary bi-weekly newsletter – The GRIN Report. Topics covered range from latest trends in, hiring and talent management processes, to hot jobs in the market and thought-provoking books to read.

EMBRACING TECHNOLOGY TO INCREASE AND IMPROVE INTERACTIONS WITH OUR CLIENTS AND CANDIDATES

Technology to us, is an enabler. Used wisely and appropriately, digital platforms, coupled with digitalising administrative and mundane processes, can increase the number of touchpoints with our clients and reduce the time spent on operational tasks. We want to free up more time for meaningful discussions and interactions with our clients and candidates, and improve everyone's overall experience.

Over the past one year, we have leveraged on technology to roll out various initiatives which created value for our clients, candidates and consultants:

<table>
<tr><th>CLIENTS</th><th>CANDIDATES</th></tr>
<tr><td>Conversion Push Notification
System generated alerts serve as reminders to consultants to follow up with pre-selected clients at stipulated intervals. This helps consultants monitor and increase the frequency of interactions with chosen clients, thereby deepening and strengthening relationships.</td><td>E-timesheet
Allows the entry and submission of timesheets for temporary and contract staff via their mobile phones.
This speeds up processing time, eliminates manual input errors from paper to system, and reduces hardcopy printouts.</td></tr>
<tr><td>Job Ads Checker
This is an additional level of review using machine rules prior to publishing job advertisements. The system scans the advertisements for programmed keywords which are potentially sensitive or prohibited. These are then flagged for review. This helps to ensure compliance with anti-discriminatory guidelines and relevant regulations.</td><td>E-Candidate Data form
An online portal that allows candidates to fill up their particulars and provide required declarations prior to their first meeting with our consultants, which feeds directly into our candidate management system.
This facilitates a more productive meeting between consultant and candidate, as consultants are able to review the information beforehand to determine areas to focus on, and candidates need not sit in our office to fill out hard copy forms.</td></tr>
<tr><td colspan="2">Broadcast
A one-click system which allows consultants easy access to their pre-selected lists of clients and candidates.
This facilitates the sending out of specific information such as industry news, job alerts and personalised greetings in a targeted and efficient manner, enabling consultants to increase the frequency of their engagement with preferred clients and candidates.</td></tr>
</table>

CLIENTS	CANDIDATES
Video Meetings Leveraging on video platforms to conduct online video calls across all our offices with both internal and external counterparts. Video calls create a more personal and interactive discussion because of the added visual dimension and the platforms also come with the added functionality of sharing images and documents during the call.	
QR Name Cards QR name cards were rolled out as an effort to reduce printing of physical name cards and correspondingly reduce our carbon footprint. Complete and accurate contact details appear on the recipient's phone upon scanning the QR code and can be easily saved with just one click. This initiative has also acted as an effective conversation starter at meetings, and encouraged our counterparts to explore similar "green" initiatives.	
HeaRtbeats A pulse-taking feature for clients and candidates to indicate the level of satisfaction of their interactions with our consultants. This allows consultants to be constantly aware of their delivery standards and improve upon any shortfall. Team leaders are in turn empowered to intervene in real time and to recognise well-loved consultants.	

BRAND IMAGE AND VALUE

We have built our strong brand name through hardwork and sincerity over the last 26 years. We created different brands to cater to different client and candidate segments so that each brand is more specialised and resonates with its target audience and their needs. This is also to spur healthy levels of competition amongst our sister brands, to motivate our consultants to perform at higher levels, and to a lesser extent, for risk management purposes, such that any negative contagion effects from one brand will be contained.

In 2018, we have centralised the planning and oversight of the execution of marketing and branding initiatives at the Group level, to ensure compliance with brand guidelines and image, regulatory requirements and leverage on synergies from our experiences of executing various new marketing initiatives (e.g. starting new online platforms and events).

Strengthening our brand visibility was one of our top priorities in 2018. We have stepped up our efforts on social media platforms, rolling out regular posts on various HR related topics to lock in the mindshare of our target audience. We also consolidated and standardised our website and email domain for different entities within the same brand to create a stronger brand identity. We changed the domain for our PeopleSearch brand from @pplesearch.com to @peoplesearch.jobs, and @pplefirst.com to @peoplefirst.jobs across all geographies, to improve probability of search engines hits, and more importantly, to put forth the fact that we are about people, jobs, talent acquisition, and careers.

EMPLOYEES

WHAT THEY EXPECT	HOW WE RESPOND	HOW WE ENGAGED THEM IN 2018
• Trust and respect • Career development • Job satisfaction and recognition • Fair employment practices • Competitive wages and benefits • Work-life harmony • Workplace well-being	• Creating a values-based, positive and productive organisational culture • Providing training and development to build skills for the future economy • Empowering our people to take ownership of their career paths, particularly via our Co-Ownership programme • Enabling our colleagues to be informed and engaged to contribute effectively • Ensuring fair human resource policies are practised • Ensuring transparent and objective performance appraisals, and performance-based rewards and recognition • Enabling colleagues to give back to the community through our Corporate Social Responsibility ("CSR") activities • Cultivating a positive working environment to promote physical and mental well-being giving rise to happy employees	• Weekly and monthly sales meetings • Regular trainings and workshops, including Great in Sales (GIS) monthly workshops, Critical Success Activities (CSA), Group Quarterly Business Review (GQBR), Code of Conduct (CoC) trainings and our Unique & Extraordinary Practices (UEP) Programme • Bi-annual performance reviews (Performance Management Review) • CSR events

As a professional services firm, human capital is our key asset. Our success is highly dependent on the dedication, abilities, experience and knowledge of our staff. That is why we place the development, engagement and retention of our own productive heartcount high on our list of priorities. Understanding the needs and wants of our people and enabling their growth and progression are critical in cultivating a highly driven and effective workforce. Our HR programme is always evolving. It starts with hiring the people who share our vision and with the potential to grow and develop a career with us. Our full suite of training programmes, from regulatory updates to sales techniques, and leadership courses, are meant to equip our people with the skillset and mindset to adapt and perform in an ever-changing environment. We set clear career progression criteria with attractive reward and incentive systems to motivate our teams to push their limits and stretch their potential. Our unique Co-Ownership plans further provide the opportunity for high-performers to unleash the entrepreneur in them, invest in the company, and / or new ventures and share in its success as well as the risk of failure.

DIVERSITY AND EQUAL OPPORTUNITY

At HRnetGroup, we are committed to promoting diversity and equal opportunity, not only within our own company, but also amongst our clients. Diversity in the workplace increases awareness, talent pool, employee morale, creativity and performance. We believe that a diverse workforce not only creates a more inclusive organisation but also cultivates an innate ability in our people to have better and deeper connections with candidates and clients across the region.

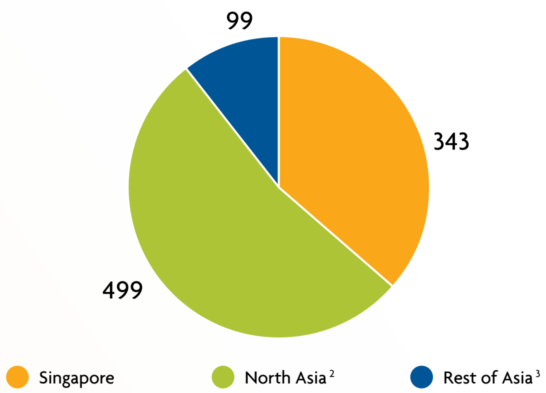
To us, diversity is not only applicable to gender and age groups, but also skills, background and knowledge. It is through diversity of our staff that we have a more agile, productive and innovative team that is able to respond quickly to new and changing demands and needs in the recruitment market. Besides the obvious benefits to the company, diversity and equal opportunities for our staff is a responsibility that we take to contribute towards creating a more inclusive society.

We have a number of HR policies that detail our approach to this, including our Equal Opportunities Policy. Our various initiatives allow us to put these policies into practice.
Hiring locally – as quickly as we can, we always ensure that we localise leadership roles. This allows us to operate as a local business with a staff population that is acutely aware of the nuances and intricacies involved when serving the local market. This also creates a platform for us to provide opportunities to local communities by hiring locals and working with them to grow into leadership positions.

Our Staff Profile

As of 31 December 2018, we have 941 permanent employees including those from our inorganic entities consolidated during the year. 499 of whom are based in North Asia, with 343 in Singapore and 99 in Rest of Asia.

NUMBER OF PERMANENT STAFF BY REGION

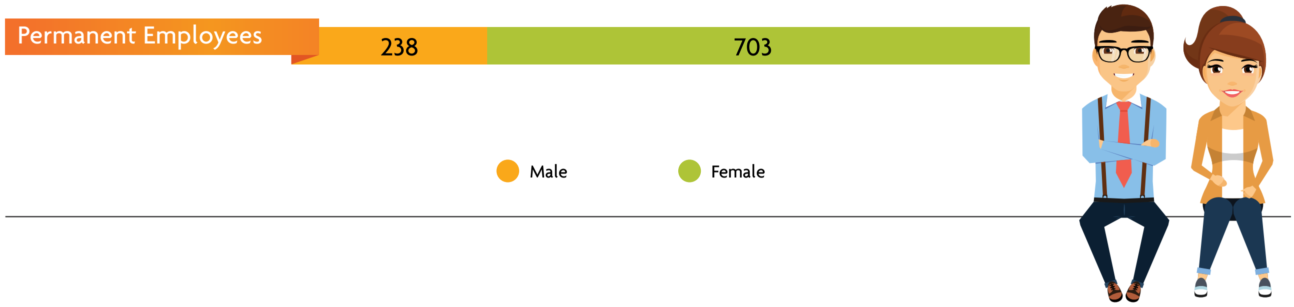


1 Includes Greater China (Hong Kong, Taiwan, Mainland China), Japan and South Korea.
2 Includes Thailand, Indonesia and Malaysia.

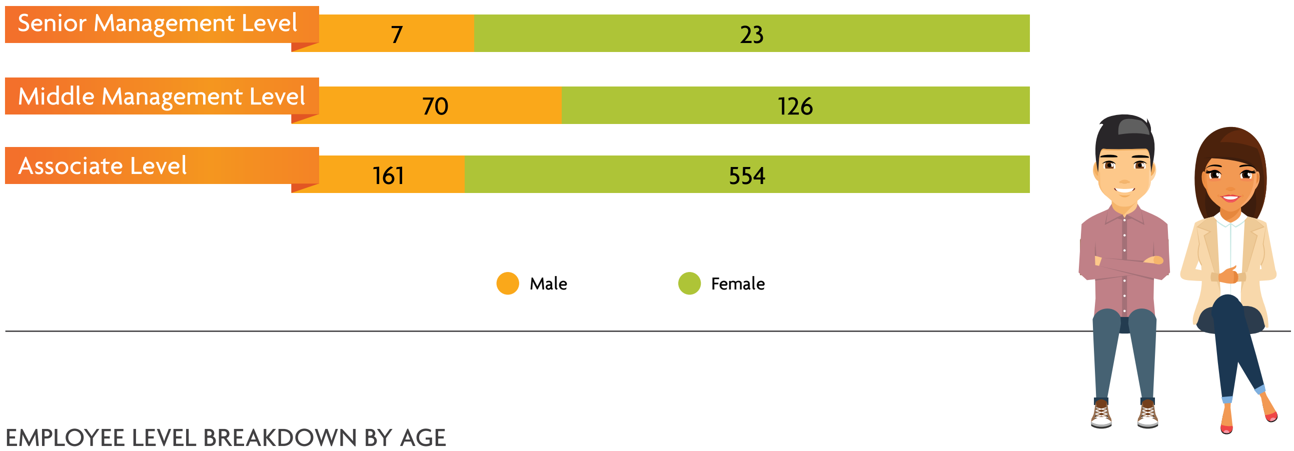
Staff Diversity

Our gender diversity is unusually encouraging in that 75% of our permanent staff base are women. We are proud that our Board is 33% female.

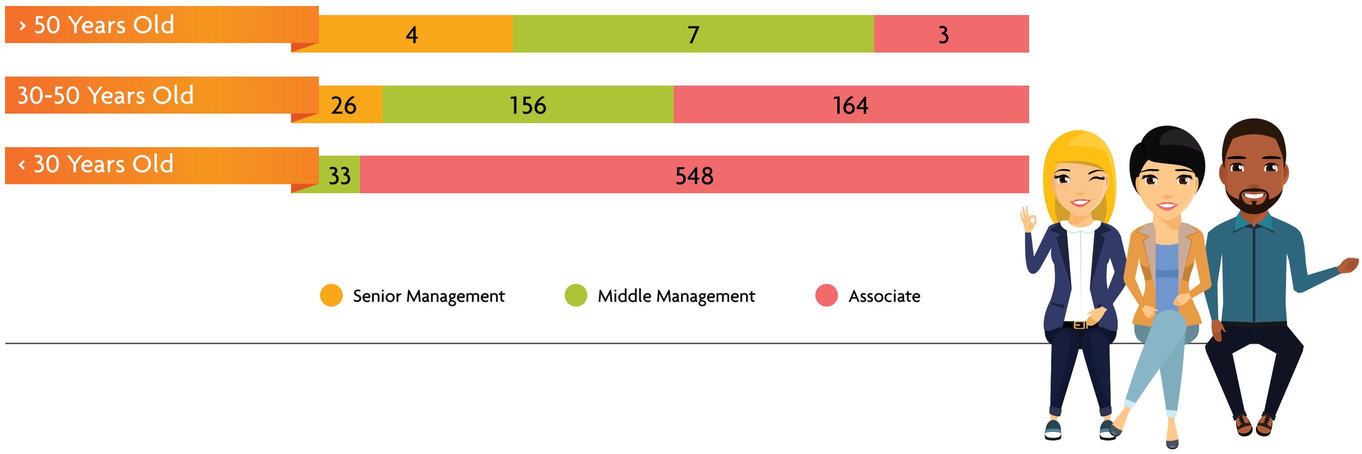
GENDER SPLIT OF STAFF



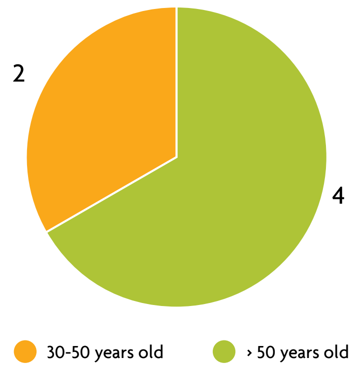
GENDER BREAKDOWN BY EMPLOYEE LEVEL



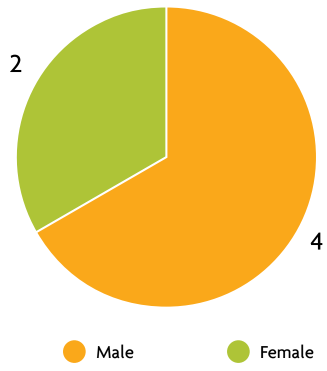
EMPLOYEE LEVEL BREAKDOWN BY AGE



BOARD OF DIRECTORS BY AGE GROUP



BOARD OF DIRECTORS BY GENDER



TALENT DEVELOPMENT AND ENGAGEMENT

Training and Education

Employees are exposed to a wide array of training programmes and opportunities which are aimed at building their functional and core competencies. We have curated our own curriculum via multiple avenues to provide a comprehensive learning journey for our staff. We are pleased to say that we achieved an average of 84 hours of training per employee over the year. We intend to maintain this average going forward. Some of the training programmes attended by our staff are as follows:

Awesome in Recruitment (AIR)

A how-to book we developed in house, AIR contains information relating to presentation, meeting with clients and candidates, sales and closing techniques and plenty more – all geared specifically to recruitment. The objective of this book is to give our consultants a headstart in their journey with HRnetGroup so that they have the tools necessary to succeed. AIR is given out to all new permanent hires prior to them starting work. They then have to sit for an online test that assesses the employee's understanding of the techniques covered in the book. Potential new hires need to achieve a minimum score of 80% to pass the test, which is a prerequisite to start work.

GIS

This is a monthly training programme conducted by the Chairman and leaders. Based on the experiences gleaned from their day-to-day work, participants discuss various aspects of their cases, techniques used, learnings and improvements that could be made.

CSA

A quarterly Group-level, full-day event conducted in every city, CSA is a platform for sharing market intelligence, strategic alignment and growth. The day's programme includes updates on quarterly sales numbers, areas of growth, awards and recognitions and introduction of new programmes and initiatives.

GQBR

A quarterly Group level, full-day event that brings together leaders from our various business units and cities. Conducted in Singapore, the programme comprises updates on group level sales numbers across business units, announcement of awards and promotions, discussions and sharing on trends and business developments across various cities, as well as the development of new initiatives.

UEP

An intensive 3-day programme for consultants who are on the leadership track, this programme begins with a series of pre-work in the months leading up to the programme, in the form of reading materials, reflections and group work. The course focuses on different aspects of the leadership journey, from levelling up sales and enhancing closing techniques, to methods of cultivating key accounts, as well as people and self-management.

Career Progression

Talent management and retention underpin the company's growth and progression. Career progression and self-fulfilment are important elements individuals look for. Identifying areas of competencies and weaknesses, channeling strength and resources to the right areas, helping them develop their potential and charting out common goals and time horizons are critical actions taken to support our staff in building their careers. All these are taken into consideration during our Performance Management Review (ePMR), a half-yearly performance evaluation for staff to discuss work performance, future projects and aspirations. We also have a defined career map which involves clear communication of criteria and a timeline for promotion, so employees have good visibility of their career path and progression.

On a half-yearly basis, we run our Talent Wave, an initiative which allows us to create new roles or plan for portfolio rotation so that staff may move into other areas based on their strengths and preferences whilst injecting some excitement and novelty into the work they do.

For example, before our CFO took on her current role, she co-founded and led HRnetOne Beijing. The experience this gave her, coupled with her background, strengths and interests, enabled her to take on the challenge of leading the Finance team.

The initiative also aids in our development of local talent. For instance, Helmi Ali has been with SearchAsia Singapore since 1 September 2011. Currently a Consulting Manager, Helmi was given the opportunity to start Recruit Legal in Kuala Lumpur by leveraging on his excellent sales track record, keen understanding of the local culture and ability to speak the local language.

Staff Well-being and Satisfaction

We believe there are 3 pillars to cultivating an effective workforce – physical, mental and financial well-being.

It starts from physical health. Employees who are healthy are in a better position to have a more meaningful life. So that is why we begin our work day with our Wellness Exercise every morning, stretching limbs, unknotting tightness, taking 20 minutes to centre ourselves.

Mentally, apart from gaining knowledge through reccommended books and online media, our leaders also provide coaching on fine-tuning soft skills such as handling rejections and objections. These life skills are useful in all aspects of life.

On material well-being, our compensation schemes are crafted to be competitive in each market, and to be transparent and tangible, so that there is clarity as to what to work for. There is a clear bias towards sustainable performance, and rewarding it.

CO-OWNERSHIP

For the contributors to the company, there are our Co-Ownership schemes. The Co-Ownership schemes are HRnetGroup's unique strategy to retain talent, reward performance and to create a sense of ownership in our employees.

The ground-breaking 88GLOW Plan implemented in June 2017 provides 22 Co-Owners with the opportunity to drive the growth of their respective business units and directly profit from it. The innovative 123GROW Plan is unique amongst listed companies in Singapore whereby selected employees were given the opportunity to invest in the company by buying shares at market price. Over the following 3 years, employees are rewarded with bonus shares provided they continue to meet performance criteria. The schemes help to effectively align the interests of our employees with our shareholders – what everyone wants is to create a sustainable, profitable business.

In 2018, the GROW Plan was launched to bring more Co-Owners onboard and to allow existing Co-Owners to grow the number of shares they own. The mechanism of the scheme is as such:

- FY2018 – Employee needs to be a PHC for the year
- June 2019 – Employees will be granted an allocation of GROW shares
- June 2020 – GROW shares will vest based on the realisation of pre-set criteria, comprising personal targets, business unit's targets and Group's overall performance

As of 31 December 2018, the number of employees under the Co-Ownership schemes is 332, which makes up 35% of our permanent staff base. It has been apparent that the Co-Ownership schemes are an effective retention tool, with retention of Co-Owners who have been employed since 1 January 2018 at 84%, a strong proportion by any standard.

The vision is to have 50% of our employees as Co-Owners of the company, and we will continually review our Co-Ownership plans to ensure they remain relevant and effective.

INVESTORS

WHAT THEY EXPECT	HOW WE RESPOND	HOW WE ENGAGED THEM IN 2018
• Stable and sustainable growth and profitability • Reasonable returns to shareholders • Preserving balance sheet strength through economic cycles • Strong corporate governance and transparency • Timely disclosures	• Ensuring strong oversight and accountability by an experienced and competent Board and Management team • Adopting a disciplined and measured approach towards business risks and opportunities • Ensuring robust risk governance and management • Maintaining a healthy corporate governance culture • Ensuring timely disclosure and reporting	• Annual General Meeting (AGM) • Quarterly results briefings • Investor conferences, face-to-face meetings, conference calls and webinars • Annual Report • Notices, Circulars, and Announcements • Bi-weekly GRIN report

At HRnetGroup, we maintain regular dialogue and engagement with the investment community to provide relevant information on the Group's corporate strategy, operational performance and business outlook so as to help them make well-informed investment decisions. We also seek their feedback in order to provide Management with regular updates of market perceptions. With the long-term interests of our shareholders at heart, we aim to build a sustainable business with strong returns.

INVESTOR RELATIONS POLICY

We promote regular, effective and fair communication with the investment community, including our shareholders, potential investors and equity analysts. We are committed to convey pertinent information to shareholders in a fair, clear and timely manner.

All material, price-sensitive announcements are made via the SGX website (SGXNET) and where applicable, other channels, including the company's website. If material non-public information is released inadvertently in any forum, the same information will be released via SGXNET at the earliest possible time.

We shall not comment in any way on the status of the Group's current quarter's financials and operations nor allude to earnings estimates during the "blackout" periods. "Blackout" periods are one month before the announcement of the Group's full-year results and two weeks before each of the first, second and third quarter's results.

Members of the key management, supported by the Investor Relations Team, meet with investors and analysts on a regular basis and hold investor roadshows and briefings.

REGULAR AND TRANSPARENT COMMUNICATIONS WITH INVESTMENT COMMUNITY

Our engagement with the investment community is governed by our investor relations policy.

Through constant dialogue with the investment community, we keep investors abreast of the Group's financials milestones and other material developments. We regularly review our content disclosure to provide investors with information needed to address areas of concern.

In 2018, we engaged in over 80 meetings with analysts and investors and shared with them our corporate strategy, operational performance and business outlook through the following events:

- Quarterly results briefings with analysts and investors, fronted by key management, with webinar facilities arranged for overseas investors;
- Investor meetings, conferences and roadshows held in Hong Kong, Tokyo, Kuala Lumpur, Singapore and New York; and
- AGM[1].

1 For more information on AGM, please refer to the Corporate Governance section.

The key conferences and events we attended are listed below in chronological order:

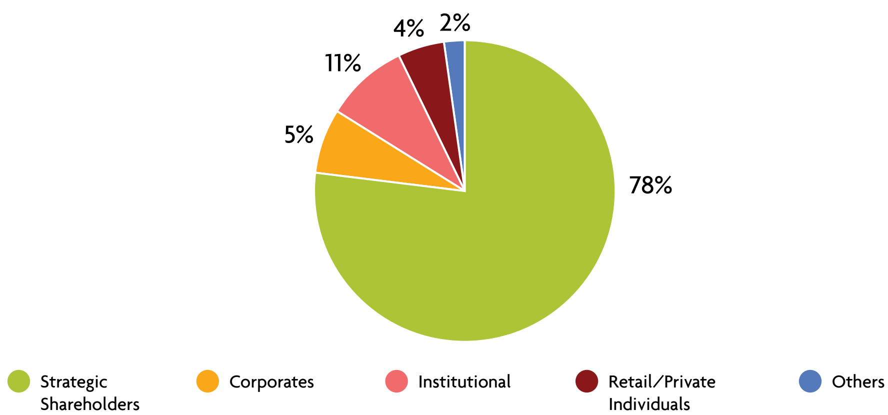
MONTH	KEY CONFERENCES & EVENTS
January	DBS Pulse of Asia (in Singapore)
	UOB Kay Hian Brokers Briefing (in Singapore)
	Credit Suisse 9th Annual ASEAN Conference (in Singapore)
February	SGX-Nomura Singapore Small / Mid Caps Corporate Day (in Singapore)
May	SGX-DBS Singapore Corporate Day (in New York)
June	SGX-Credit Suisse Singapore Corporate Day (in Hong Kong)
August	SGX-Maybank Kim Eng Singapore Corporate Day (in Kuala Lumpur)
September	SGX-Citibank New Listings and High Growth Corporate Day (in Singapore)
November	SGX-JP Morgan Singapore Corporate Day (in Tokyo)

General information on HRnetGroup, such as annual reports, quarterly results, news releases, as well as our investor relations calendar of events, are available on our corporate website http://investor.hrnetgroup.com/.

All financial results, material news releases, dividends recommended or declared for payment, and other ad-hoc announcements are also available on the SGXNET. Our website also contains contact details of our Investor Relations Team, so that investors may contact us directly to clarify any queries or to provide feedback.

OUR SHAREHOLDER BASE

HRNETGROUP SHAREHOLDERS AS AT 31 DECEMBER 2018



Source: HRnetGroup, Orient Capital
Note: Strategic Shareholders include SIMCO Global Limited which is controlled by the Sim Family, and employees of the company.

OUR DIVIDEND PRACTICE

Delivering stable and sustainable returns for our shareholders is a key objective when formulating and executing our business strategies. We adopt a disciplined and balanced approach when it comes to growth and maintaining balance sheet strength to ensure the resilience of our business through economic cycles.

We practice a payout ratio of 50% of net profit. For 2018 however, we are recommending to pay 53.7% of NPAT, which works out to be 2.8 Singapore cents per ordinary share. This was arrived based on 50% of 2018's normalised NPAT, which better reflects our operational performance. The normalised NPAT excludes an unrealised loss of S$3.9m on our marketable securities as at year-end, which by the time our full year results were announced, had been substantially reversed. Hence management, with consensus from the Board of Directors, are of the view that it would be more reasonable to pay dividends based on the normalised NPAT of S$56.3m instead.

SELECTED INVESTMENT METRICS

	2017	2018
SHARE PRICE (S$)		
Highest	0.960	**0.910**
Lowest	0.720	**0.705**
Average	0.823	**0.827**
Closing	0.765	**0.800**
Market Capitalisation (S$ million)[a]	773.7	**804.7**
Enterprise Value (S$ million)[b]	492.9	**534.3**
Price-to-earnings ratio (x)[c]	17.9	**17.3**
EV / EBITDA ratio (x)	8.8	**8.5**
Dividend per share (Singapore cents)	2.3	**2.8**
Dividend yield (%)[a]	3.0	**3.5**
Payout ratio (%)	50.2	**53.7**
Total 1-year shareholder return (%)		**7.6**
Basic EPS (Singapore cents)	4.59	**4.77**
Diluted EPS (Singapore cents)	4.56	**4.76**
Return on average ordinary shareholders' equity (%)[d]	-	**14.9**

a The year-end closing share prices are used in computing these ratios.
b Enterprise value equals market capitalisation plus non-controlling interest and total debt minus cash & cash equivalents, at year end.
c The daily-average share prices are used in computing these ratios.
d Ratio for 2017 has been excluded as the equity base prior to our listing in June 2017 is not comparable to that for periods after the listing.

ANALYST RECOMMENDATIONS

There are five analysts who publish reports on HRnetGroup. After our full-year 2018 results announcement, 100% had a 'buy' rating on us, and the average target share price, accordingly to analyst consensus, is around S$1.05, with the highest target price at S$1.08, and the lowest at S$1.03.

INVESTOR RELATIONS CONTACT INFORMATION

If you have any enquiries or would like to find out more about HRnetGroup, please contact:

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Mr Fadzlin Rashid
Corporate Communications Leader
Tel: (65) 6730 7855
Email: Fadzlin@HRnetGroup.com

391A Orchard Road, Ngee Ann City Tower A
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SHARE REGISTRAR

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#32-01 Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6438 8710
Website: www.boardroomlimited.com

SOCIETY

WHAT THEY EXPECT	HOW WE RESPOND	HOW WE ENGAGED THEM IN 2018
• Employment opportunities • Good corporate citizenship, contribute responsibly to society building	• Offering jobs to local talent via hiring for our own business and staffing operations and through job placements for our clients • Giving back to society through corporate social responsibility (CSR) programmes	• Recruitment platforms to attract talents and provide advice for candidates • CSR events

BUILDING CAPACITY IN THE LOCAL COMMUNITY

Our key markets are the Asian growth cities, where there is huge potential to increase employment opportunities for local workers. As these cities grow, their economies and businesses develop, and correspondingly their need for talents. However, access to these roles can be a challenge for local talents due to various factors such as inability to assess one's suitability for the job scope, limited knowledge on hiring managers and evolving requirements.

We leverage on our expertise in identifying the skills required for a position, avenues to source for talents and connecting the suitable resource to the right job. When we successfully place a candidate into a role, and fill an opening, the individual benefits by building his individual capacity and developing his skills and experience along with the organisation that employs him. This leads to job satisfaction for the individual involved and growth for the organisation.

Access to jobs with competitive salaries can alleviate poverty and reduce inequality. HRnetGroup is committed to assisting the local community in job seeking and capacity building through our recruitment activities.

Our flexible staffing brands, Recruit Express and RecruitFirst, help our clients fill both temporary and contract roles for junior to mid-level positions. We work with candidates across various educational levels and backgrounds and the types of roles we work on spans a wide range, including those that do not require special skills or tertiary educational background. These roles allow us to provide employment opportunities to candidates with higher degrees of difficulty in finding a job. We have a monthly average of 12,112 contractor employees and we take on employer responsibility for these individuals, including providing timely payroll processing and insurance coverage.

For our professional recruitment business, we have a well-developed process that facilitates smooth and efficient placements. With the job requirements obtained from our clients, we will start the search process by gathering all the relevant information on that particular role, before sourcing for potential candidates. With our industry knowledge and experience, we shortlist suitable candidates for the clients after interactions with the candidates and assessing them. Our recommendations are based on holistic assessments and considerations, both in technical aspects such as competency, and soft aspects such as personality. In 2018, we placed 9,448 candidates into mid to senior-level positions, which works out to more than 1 placement per hour.

At HRnetGroup, we do not see our role as simply placing talent. We consider it our responsibility to enhance the employability of candidates. Our job includes advising candidates on how to develop and improve their profiles and CVs, hone their interview skills and how to present themselves. We also advise clients on the best ways to screen for suitable candidates and we encourage good HR practices amongst our clients.

CORPORATE SOCIAL RESPONSIBILITY EVENTS

Fund raising for Eden Centre for Adults

In 2018, our teams from Recruit Express and SearchAsia organised a fundraising campaign for the Eden Centre for Adults (Hougang and Clementi). Eden Centre for Adults serves individuals between the age of 18 to 55 years old, who have moderate to severe autism. With its core emphasis being Person-Centred Planning, the programme builds strengths and capacities of its clients through individualised programming in an autism-friendly environment. Based on the unique needs of each individual, the centre provides training and support in the areas of self-help skills, health and fitness, community living, recreation and vocation training.

The campaign was held from 12 October to 15 November 2018, comprising two key components:

PART 1: The Purple Parade

On 27 October 2018, 60 of our employees marched as a contingent with our loudest cheers at the annual Purple Parade event to pledge our support for our friends with special needs. The Purple Parade is Singapore's largest movement to support inclusion and celebrate the abilities of persons with special needs.

PART 2: A Day of Fun At S.E.A. Aquarium

On 3 November 2018, our CSR Committee and 15 staff volunteers brought youths aged between 18 to 21 years old from Eden School and Eden Alumni for a fun day out to the S.E.A. Aquarium at Sentosa. The day ended off with a sumptuous meal at STREATS RWS.

Our team raised a total of S$19,876.54 via the online fundraising platform GIVE.asia in addition to offline cash donations from Recruit Express staff, matched dollar-to-dollar by the company. The funds will be channelled to provide the following for beneficiaries at the Eden Centre of Adults:

- Basic housekeeping supplies to support the training of daily life skills for the clients at the centres
- Materials for the meal preparation sessions in aid of vocational skills training
- Fuel for clients to commute by the centres' buses to access and utilise community areas and amenities
- Weekly enrichment sessions

SGX Bull Charge

In 2018 HRnetGroup supported the SGX Bull Charge, an annual charity campaign organised by the Singapore Exchange where it rallies the financial community and its listed companies together for a common cause, to support the needs of underprivileged children and families, persons with disabilities, and the elderly. All funds raised are channelled to benefit the adopted beneficiaries, namely, Autism Association (Singapore), AWWA Ltd, Community Chest, Fei Yue Community Services, HCSA Community Services and Shared Services for Charities, making a significant difference in their lives.

HRnetGroup was one of the sponsors for the Charity Golf dinner reception and also the Charity Run – Chiefs Challenge, where our key management ran for a good course.

GOVERNMENTS & REGULATORS

WHAT THEY EXPECT	HOW WE RESPOND	HOW WE ENGAGED THEM IN 2018
• Highest standards of corporate governance and ethical behaviour • Taxes to governments • Supporting the development of local economies and industry	• Complying with applicable and current laws, regulations and policies • Maintaining sound risk management systems and processes • Providing regular compliance training for our people • Conducting regular internal and external audits	• Consultations with regulatory bodies • Annual report • Audit reports

PROFESSIONAL ETHICS AND REGULATORY COMPLIANCE

Recruitment is a heavily regulated industry with the Ministry of Manpower enforcing the regulations. Non-compliance will lead to costly fines and reputational damage, causing us to lose valuable trust from our stakeholders. Trust and reputation are critical assets of a HR business. We require all our employees to uphold themselves in a professional and responsible manner, worthy of the trust the company, clients and candidates place in them. This is why we have zero tolerance for non-compliance and we hold ourselves to high standards in this area.

In order to ensure compliance, we have a number of policies and processes in place:

- CoC / Employee Handbook which sets out expectations of employees in relation to fraud, bribery, segregation of duties and business ethics, including behaviour on public platforms such as social media
- A series of trainings for new employees on critical topics such as insider trading, anti-corruption and anti-bribery, anti-money laundering, cyber security and whistle blowing
- Clear policies and training on the protection of personal data
- E-CoC Self-Assessment – an annual online test to assess the employee's understanding and compliance with the CoC
- HR and Legal departments who work with the respective business units to adopt processes and practices whenever a new or change of regulation is announced. Announcements and training on new rules and regulations take place at our various staff engagement platforms such as CSA & GQBR
- Whistle blowing policy and channels for employees to report any suspicious and non-compliant practices
- Internal audit processes to monitor effectiveness of risk management, control and governance processes

We weave compliance into daily life. In addition, every year one of our quarterly CSA events is dedicated to the topic of CoC. Staff are split into teams to deep dive into specific CoC topic assigned, then design and deliver the concepts and applications at the CSA.

We are pleased that there have been no incidents of non-compliance over the last year and we expect to maintain this going forward.

SUSTAINABILITY

BOARD STATEMENT

The Board of Directors ("Board") of HRnetGroup is delighted to present our first sustainability report. Being a newly listed company, HRnetGroup is experiencing a number of "firsts" this year. However, when it comes to sustainability, this is something that HRnetGroup has incorporated into our core business strategies and practiced for a long time. As an evolving, growing company, HRnetGroup naturally keeps up with developing needs, demands and trends in the business environment and sustainability concerns in business have certainly become increasingly understood and visible over the last few years.

HRnetGroup recognises that management of environmental, social and governance (ESG) risks and opportunities is a key component of business management. It is for this reason that ESG concerns have been regularly taken into consideration during strategic decision making in the past. Since our listing in 2017, HRnetGroup has been focusing on formalising our management of these issues through a recognised materiality identification and prioritisation process, development of performance indicators to measure our progress, and setting of targets to drive us to continue to improve. As the Board, we are committed to supporting these various initiatives and we have empowered the HRnetGroup management team to drive this agenda.

The Board is ultimately responsible and provides oversight for the sustainability approach, performance, monitoring and reporting. On the Board, two of our Executive Directors are championing sustainability. Our Board champions are supported by the Sustainability Steering Committee (SCC), which comprise our senior management team tasked with developing sustainability objectives and strategies, keeping in view the Group's overall long-term plans and vision, setting relevant KPIs and targets, managing and monitoring overall sustainability performance and reporting to the Board. The SCC is in turn supported by the Sustainability Task Force, which implements and executes actionable and measurable plans and initiatives across the organisation and monitors the results.

The Group looks forward to continue sharing its performance on its sustainability journey.

OVERVIEW

We aim to build working environments that last beyond a lifetime. Lasting organisations can only be so with the right talent in the right roles who can drive these companies towards sustainable success. Connecting the right people to the right roles is our forte.

To us, sustainability refers to the longevity of our customers', as well as our own, businesses, which can only be achieved through due consideration of all the issues that may affect that longevity. ESG related risks and opportunities that can both impact our business and be impacted by our business must, therefore, be part of our story.

The management of ESG related issues in our business is an integral component of our business model, which seeks to create value for our stakeholders in a sustainable manner, including addressing the concerns from investors, who understand that ESG risks and opportunities can affect our bottom line, our candidate pool, the younger subset in particular, who are demanding more from corporates and their employers than just a paycheck, and our employees, whose well-being is highly correlated to the performance of our businesses.

Several trends in the recruitment and HR sector also point towards a need to invest in sustainability related issues. For example, employees nowadays prefer more flexibility in their work environment. There is also a developing skills imbalance in job markets and Artificial Intelligence and automation are causing a shift in the demand for certain skills. Upskilling and reskilling have become important requirements. Furthermore, digitisation is transforming businesses and operational processes and industries increasingly going digital. These trends lean toward a need for reassessment of various aspects of our business ranging from internal concerns such as assessment, training and education for our workforce, to external facing elements such as our methods of outreach to our clients and candidates, and helping to bridge the gap between employees and employers.

Being sustainable means addressing these social trends and keeping HRnetGroup relevant in the changing world, and maximising value creation for our stakeholders in the long run. We have identified the following areas as effective means to achieve our sustainability objectives:

1. Support the growth of new specialisations, such as virtual banking, AI and digitisation, by supplying talents and skills where the demand grows
2. Building capacity in local communities by increasing job seekers' access to job markets, via identifying their capabilities and skillsets and matching them to the right roles for long term job satisfaction
3. Cultivating and spurring our own talents on by making sure they have the relevant skills in the changing environment, and roles that keep them inspired and satisfied
4. Incentivising our staff through our Co-Ownership plans which transforms them from employees to Co-Owners of the business
5. Encouraging a diverse, rich staff base, with a wide range of skills, experience and knowledge to allow us to remain agile and best respond to changing market needs
6. Practicing responsible operations and being on top of regulatory requirements

ESG MATERIALITY ASSESSMENT

The sustainability landscape is wide, therefore, it is important to focus our efforts in the areas where we make the most impact. We engaged an external consultant to assist us in conducting a materiality assessment of the ESG factors that are relevant to us. This assessment is in line with the Materiality and Stakeholder Engagement Principles of the GRI Standards. The materiality assessment took into consideration:

- HRnetGroup's business strategy, vision and mission
- Sustainability and business trends in the recruitment and staffing industry
- Insights gained from regular interactions with internal and external stakeholders

As our operations are predominately office-based, we focused on the social and governance impacts of our business as we believe we can make more material positive changes in those areas, taking into consideration where our business opportunities lie.

MATERIAL ESG FACTORS, IMPACTS AND BOUNDARIES

As a business, we are aware that the impacts of our activities can have effects both internally, that is within our business, and externally, that is across our entire value chain. We believe that we have influence over the resulting effects of our business and we strive to mitigate any negative impacts and encourage the positive ones. Despite acknowledging the breadth of our impacts, for our first report, the boundaries of our disclosures are limited to those that are directly within our control.

SUSTAINABLE DEVELOPMENT GOALS

In September 2015, the UN launched its 17 Sustainable Development Goals (SDG). Countries have adopted these goals to end poverty, protect the planet, and ensure prosperity for all by 2030.

At HRnetGroup, we aim to contribute to a sustainable future, both socially and economically, through facilitating the development of fair and efficient labour markets in the countries we operate in. We have therefore committed ourselves to the UN's SDGs, in particular with regard to promoting sustainable economic growth, decent work for all, and reducing inequalities.

TARGETS AND PROGRESS

MATERIAL ESG FACTORS		GRI TOPICS	STAKEHOLDERS	IMPACT BOUNDARIES	REPORTING BOUNDARIES	DETAILS ON WHAT WE HAVE DONE
Economic	Business Performance[1]	GRI 201- Economic Performance	• Investors • Employees	Internal and External	Internal	Page 16 - Letter to Shareholders Page 76 - Financial statements
	Enabling Market Growth	NA	• Clients & Candidates • Society	Internal and External	Internal	Page 28 – What we do for our clients and candidates Page 39 – What we do for the society
Community	Building Capacity in the Local Community	GRI - 203 - Indirect economic impacts	• Clients & Candidates • Society	External	External	Page 28 – What we do for our clients and candidates Page 39 – What we do for the society
Social	Talent Retention, Development and Engagement	GRI 404 - Training and Education	• Employees	Internal	Internal	Page 31 – What we do for our employees
	Co-Ownership	NA	• Employees	Internal	Internal	Page 31 – What we do for our employees
	Diversity and Equal Opportunity	GRI 405 - Diversity and Equal Opportunity	• Employees • Clients & Candidates • Society	Internal and External	Internal	Page 31 – What we do for our employees Page 28 – What we do for our clients and candidates Page 39 – What we do for the society
Governance	Professional Ethics and Regulatory Compliance	GRI 419 - Non-compliance with laws and regulations in the social and economic area	• Governments & Regulators	Internal and External	Internal	Page 41 – What we do for the Governments and Regulators

1 Please refer to Letter to Shareholders and the Financial Statements set out in the Annual Report 2018 for more information on the Group's economic performance for the financial year ended 31 December 2018.

KPIS	2018 ACHIEVEMENTS	2019 TARGETS	SDGS
-	-	-	-
• Client's length of stay with HRnetGroup • Number of market segments, specialisations	• Our top 5 customers have been with us for an average of 18 years • We have 24 industry specialisations	• Minimal account attrition • Maintain or increase the number of industry specialisations	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
• Working with clients to provide employment opportunities	• 12,112 contractor employees • 9,448 placements in FY2018 which works out to be >1 placement per hour	• 5% increase total number of contractor employees and successful placements for professional recruitment	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
• Average hours of training per year per employee	• 84 training hours	• Maintain current average number of training hours	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
• Number of employees under the Co-Ownership scheme as at 31 December 2018 • % of employees under the Co-Ownership Scheme	• 332 Co-Owners • 35% of total permanent staff base	• Increase number of Co-Owners by 150	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
• Diversity of governance bodies and employees: (i) Percentage of individuals within the organisation's governance bodies by gender, age group, and other diversity categories; (ii) Percentage of employees per employee category by gender, age group, and other diversity categories	• 75% of permanent staff are female • 33% of the Board are female • See page 32 for more details on our staff profile	• At least 50% permanent staff to be female • Maintain current gender composition for the Board	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
• Confirmed incidents of corruption • Non-compliance with laws and regulations resulting in significant fines and non-monetary sanctions	• Zero confirmed incidents of corruption • Zero incidences of non-compliance with laws and/or regulations resulting in significant fines and non-monetary sanctions	• Zero confirmed incidents of corruption • Zero incidences of non-compliance with laws and/or regulations resulting in significant fines and non-monetary sanctions	8 DECENT WORK AND ECONOMIC GROWTH

SUMMARY OF DISCLOSURES GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

GRI TOPICS STAKEHOLDERS		NOTES/PAGE NUMBER(S)
GENERAL DISCLOSURES		
ORGANISATIONAL PROFILE		
102-1	Name of the organisation	HRnetGroup Limited
102-2	Activities, brands, products, and services	Annual Report, page 4
102-3	Location of headquarters	Annual Report, page 38
102-4	Location of operations	Annual Report, page 6
102-5	Ownership and legal form	Annual Report, page 83
102-6	Markets served	Annual Report, page 6
102-7	Scale of the organisation	Annual Report, page 76 Our staff profile, page 32
102-8	Information on employees and other workers	Our staff profile, page 32
		There is no significant variation in employment numbers during the reporting period.
102-9	Supply chain	Supply chain is minimal and not significant to report on.
102-10	Significant changes to organisation and its supply chain	There is no significant change to the organisation and its supply chain during the reporting period.
102-11	Precautionary principle or approach	HRnetGroup does not specifically address the principles of the Precautionary approach.
102-12	External initiatives	Tripartite Alliance for Fair and Progressive Employment Practices
102-13	Membership of associations	Singapore Institute of Directors
ORGANISATIONAL PROFILE		
102-14	Statement from senior decision-maker	Letter to Shareholders, page 16 Board Statement, page 42
ETHICS AND INTEGRITY		
102-16	Values, principles, standards, and norms of behaviour	Sustainability, page 42
GOVERNANCE		
102-18	Governance structure	Sustainability, page 42
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	Stakeholder Report, page 27
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	Stakeholder Report, page 27
102-43	Approach to stakeholder engagement	Stakeholder Report, page 27
102-44	Key topics and concerns raised	Stakeholder Report, page 27

GRI TOPICS STAKEHOLDERS		NOTES/PAGE NUMBER(S)
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	Annual Report, page 112
102-46	Defining report content and topic Boundaries	Our sustainability report has been prepared in line with the requirements of SGX-ST Listing Rules 711A and 711B, and in accordance with the Global Reporting Initiative (GRI) Standards, "Core" option.
102-47	List of material topics	ESG Materiality Assessment, page 43
102-48	Restatements of information	None
102-49	Changes in reporting	None
102-50	Reporting period	1 January 2018 – 31 December 2018
102-51	Date of most recent report	2017
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	About this Report, page 38
102-55	GRI content index	The GRI content index is laid out on pages 46 to 48.
102-56	External assurance	Not applicable
MANAGEMENT APPROACH		
103-1	Explanation of the material topic and its boundary	Sustainability, page 42 ESG Materiality Assessment, page 43 Supporting Market Growth, page 28 Building Capacity in the Local Community, page 39 Talent Development and Engagement, page 34 Co-Ownership, page 35 Diversity and Equal Opportunity, page 32 Professional Ethics and Regulatory Compliance, page 41
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
MATERIAL TOPICS		
ECONOMIC PERFORMANCE		
201-1	Direct economic value generated and distributed	Annual Report, page 76
203-2	Significant indirect economic impacts	Supporting Market Growth, page 28 Building Capacity in the Local Community, page 39
ANTI-CORRUPTION		
205-3	Confirmed incidents of corruption and actions taken	Professional Ethics and Regulatory Compliance, page 41
TRAINING AND EDUCATION		
404-1	Average hours of training per year per employee	Talent Development and Engagement, page 34

GRI TOPICS STAKEHOLDERS		NOTES/PAGE NUMBER(S)
DIVERSITY AND EQUAL OPPORTUNITY		
405-1	Diversity of governance bodies and employees	Diversity and Equal Opportunity, page 32
LOCAL COMMUNITY		
416-2	Operations with local community engagement, impact assessments, and development programs	Building Capacity in the Local Community, page 39
SOCIOECONOMIC COMPLIANCE		
419-1	Non-compliance with laws and regulations in the social and economic area	Professional Ethics and Regulatory Compliance, page 41

HRnetGroup Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining a high standard of corporate governance by adhering to the principles and guidelines set out in the Code of Corporate Governance 2012 (the "**Code**"), where appropriate. These principles and guidelines reflect the Board's commitment in having effective self-regulatory corporate practices to safeguard the interests of its shareholders and maximising long-term success of the Company and the Group.

This statement outlines the main corporate governance policies and practices during the financial year with specific reference to the Code.

1. THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board of Directors (the "Board") comprises six directors of whom three are Executive Directors and three are Independent Directors. Their combined wealth and diversity of experience enable them to contribute effectively to the strategic growth and governance of the Group.

The principal functions of the Board, in addition to carrying out its statutory responsibilities, *inter alia*, are as follows:

(i) overseeing and approving the formulation of the Group's overall long-term strategic objectives and directions, taking into consideration sustainability issues;

(ii) overseeing and reviewing the management of the Group's business affairs and financial controls, performance and resource allocation;

(iii) establishing a framework of prudent and effective controls to assess and manage risks and safeguard shareholders' interests and the Group's assets;

(iv) identifying the key stakeholder groups and recognising that their perceptions affect the Group's reputation;

(v) setting the Group's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met;

(vi) ensuring compliance with the Code, the Companies Act (Chapter 50) of Singapore, the Company's Constitution, the Listing Rules of Singapore Exchange Securities Trading Limited ("SGX-ST"), accounting standards and other relevant statutes and regulations; and

(vii) assuming the responsibilities for corporate governance.

Other matters specifically reserved for the Board's approval are those involving material acquisitions and disposal of assets, corporate or financial restructuring, major investments and expenditure, share issuances, dividends to shareholders, interested person transactions and any decision likely to have a material impact on the Company or Group from any perspective, including but not limited to, financial, operational, strategic or reputational matters.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries and take decisions in the interests of the Company.

Newly-appointed Directors will receive a formal letter setting out their duties and obligations, and will undergo orientation and be briefed on the business and governance practices of the Group as well as industry-specific knowledge. The Directors are also encouraged to keep themselves abreast of the latest developments relevant to the Group and attendance of appropriate courses and seminars will be arranged and funded by the Company. The external auditors update the Directors on the new or revised financial reporting standards on an annual basis. Regulatory releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority which are relevant to the Directors are circulated to the Board on a timely basis.

To assist in the execution of its responsibilities, the Board has, without abdicating its responsibility, established three Board Committees, comprising an Audit Committee (the "**AC**"), a Nominating Committee (the "**NC**") and a Remuneration Committee (the "**RC**"). These committees function within clearly defined written terms of reference and operating procedures. The Board accepts that while these Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lie with the Board.

The Board meets regularly on a quarterly basis and ad hoc Board Committee or Board meetings are convened when they are deemed necessary. The frequency of meetings and the attendance of each Director at every Board and Board Committees meetings during the year are disclosed in the table reflected below:

Type of Meetings	Board	AC	NC	RC
No. of Meetings Held	4	5	1	2
Name of Directors	**No. of Meetings Attended**			
Peter Sim	4	–	1	2*
JS Sim	4	–	–	–
Adeline Sim	4	–	–	–
Sin Boon Ann	4	5	1	2
Mae Heng	4	5	1	2
NS Tan	4	4	1	2

* Attended by Invitation

The Board may have informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing. Ad hoc meetings are also convened as and when they are deemed necessary. As provided in the Company's Constitution, the Board may convene telephonic and videoconferencing meetings.

2. BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises the following members, all of whom have the appropriate core competencies and provide a diversity of experience to enable them to effectively contribute to the Group.

Name of Directors	Date of first appointment	Date of last re-election as Director	Nature of appointment	Position held on the Board
Peter Sim	21 September 2016	27 April 2018	Executive / Non-Independent	Founding Chairman
JS Sim	21 September 2016	–	Executive / Non-Independent	Executive Director
Adeline Sim	16 May 2017	27 April 2018	Executive / Non-Independent	Executive Director
Sin Boon Ann	16 May 2017	27 April 2018	Non-Executive / Independent	Lead Independent Director
Mae Heng	16 May 2017	27 April 2018	Non-Executive / Independent	Independent Director
NS Tan	16 May 2017	27 April 2018	Non-Executive / Independent	Independent Director

The criterion of independence is based on the definition set out in the Code. The Board considers an "Independent" Director to be one who has no relationship with the Company, its related companies, its shareholders with shareholdings of 10% or more of the total votes attached to all the voting shares in the Company, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company. With three Independent Directors, the Board is able to exercise independent judgment on corporate affairs and provide the Management with a diverse and objective perspective on issues.

The independence of each Director is reviewed annually by the NC and the Board. Each Independent Director is required to complete a checklist annually to confirm his independence based on the guidelines as set out in the Code. Each of the Independent Directors also confirmed that they are independent and have no relationship identified in the Code except Sin Boon Ann who was the deputy managing director of Corporate and Finance Department and Co-head of capital markets practice in Drew & Napier LLC which provided various legal services to the related entities of the Company and retired as a consultant with the firm on 18 March 2018. Save for the fact that he remains a consultant of Drew & Napier LLC, Sin Boon Ann does not have any relationship with the Company, the related corporations (as defined in the Companies Act), the Company's 10% shareholders (as defined in the Code) or the Company's officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment with a view to the best interests of the Company. In financial year 2018 ("FY2018"), the fees received by Drew & Napier LLC for such legal services were less than S$200,000.

Notwithstanding that Drew & Napier LLC received fees in excess of S$200,000 during financial year 2017 ("FY2017"), this is not expected to compromise Sin Boon Ann's independence for the following reasons:

(i) such fees constitute an immaterial percentage of Drew & Napier LLC's overall revenue;

(ii) such fees are paid to Drew & Napier LLC and not directly to Sin Boon Ann and accordingly, Sin Boon Ann does not receive any direct benefit; and

(iii) any directors' fees to be paid to Sin Boon Ann in connection with his appointment as independent director is not expected to be significant in relations to his overall annual income.

As at the date of this report, Sin Boon Ann does not have any interest in Drew & Napier LLC. As such, Drew & Napier LLC is not an associate of Sin Boon Ann and transactions between the Group and Drew & Napier LLC would not constitute interested person transactions for the purposes of Chapter 9 of the Listing Manual. To the extent that Drew & Napier LLC becomes an associate of Sin Boon Ann, any transactions between the Group and Drew & Napier LLC would be required to comply with Chapter 9 of the Listing Manual. Notwithstanding the foregoing, in the event that Sin Boon Ann is interested in any services proposed to be offered by Drew & Napier LLC involving the Group, he will abstain from reviewing and voting on that particular transaction (including as a member of the AC) and any legal matters involving the Group will be handled by other lawyers of Drew & Napier LLC.

In view of the above and taking into account their disclosure of independence, the Board considers all three Independent Directors, Sin Boon Ann, Mae Heng and NS Tan to be independent notwithstanding that Sin Boon Ann is a consultant to Drew & Napier LLC.

The independence of any Director who has served on the Board beyond nine years from the date of his first appointment will be subject to more rigorous review, taking into account the need for progressive refreshing of the Board. None of the Independent Directors have served on the Board for a period exceeding nine years from the date of their appointments.

The Board has examined its size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Group and the requirements of the Group's business. There is therefore no individual or small group of individuals who dominate the Board's decision-making. With half of the Directors deemed to be independent, the Board is able to exercise independent and objective judgment on Board affairs.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The Board as a group comprises members with core competencies in accounting and finance, law, business management experience, industry knowledge, strategic planning and customer-based experience and knowledge. This enables the Management to benefit from the external and expert perspectives of the Directors who constructively challenge key issues and strategies put forth by Management.

Where necessary or appropriate, the Non-Executive Directors on the Board will meet without the presence of the Management. The Non-Executive Directors communicate regularly to discuss matters related to the Group, including reviewing the performance of the Management in meeting agreed goals and objectives and monitoring the reporting of performance.

The profiles of the Directors are set out on page 10 to 13 of this Annual Report.

3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Peter Sim is the Founding Chairman of the Group since its founding in 1992.

As the Founding Chairman, Peter Sim plays a vital role in assisting the Board to develop policies and strategies and ensuring that they are implemented effectively, creating value with his exhaustive knowledge of business and industry. He ensures that decisions on important matters are made after extensive deliberation and in consultation with the entire Board. He engages in constructive communication with shareholders at the general meetings. He exercises objective judgment on corporate matters impartially, thus ensuring a balance of power and authority. He reviews Board papers before they are presented to the Board and ensures that the information provided is accurate, and consists of authentic details.

The independent element is further strengthened by the appointment of Sin Boon Ann as the Lead Independent Non-Executive Director. The Lead Independent Non-Executive Director is available to shareholders where they have concerns and for which contact through the normal channels of Chairman or the Chief Financial Officer has failed to resolve or where such communication is inappropriate.

All the Board Committees are chaired by Independent Directors and at least half of the Board consists of Independent Directors. The Chairman also facilitates the effective contribution of Non-Executive Directors and promotes high standards of corporate governance.

Led by the Lead Independent Director, the Independent Directors meet periodically without the presence of the Executive Directors, and the Lead Independent Director provides feedback to Peter Sim after such meetings as appropriate.

4. BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC is responsible for making recommendations on all board appointments and re-nominations, having regard to the contribution and performance of the Director seeking re-election.

The NC comprises Sin Boon Ann, Mae Heng, NS Tan and Peter Sim. The chairman of the NC is Sin Boon Ann. A majority of the NC, including the chairman, is independent, in accordance with Guideline 2.3 of the Code.

The written terms of reference of the NC have been approved and adopted, and they include the following:

(a) making recommendations to the Board on all Board appointments and the composition of the Board of Directors, taking into account, among other things, the future requirements of the Group, the need for diversity on the Board as well as other considerations in accordance with the guidelines recommended under the Code;

(b) making recommendations to the Board on relevant matters relating to the appointment and re-appointment of the directors (including alternate directors, if applicable);

(c) regularly reviewing the structure, independence, size and composition of the Board of Directors and recommending to the Board such adjustments as it may deem necessary;

(d) reviewing and determining annually, and as and when circumstances require, if a director is independent, bearing in mind the circumstances set forth in the Code and any other salient factors;

(e) reviewing other directorships held by each director and deciding whether or not the director is able to carry out, and has been adequately carrying out, his duties as director, taking into consideration the director's number of listed company board representations and other principal commitments;

(f) developing a process for evaluating the effectiveness and performance of the Board and its committees; and proposing objective performance criteria, as approved by the Board, that allow comparison with industry peers (if available) and address how the Board has enhanced long term shareholders' value;

(g) assessing the performance of the Board as a whole and contribution of each director to the effectiveness of the Board;

(h) review of succession plans for directors, in particular, for the Chairman;

(i) review of training and professional development programs for the Board; and

(j) other acts as may be required by the SGX-ST and the Code from time to time.

Having made its review on an annual basis, taking into consideration the checklists provided by the Independent Directors as mentioned above, the NC is of the view that Sin Boon Ann, Mae Heng and NS Tan are independent.

The Company does not have a formal selection criteria for the appointment of new directors to the Board. When a vacancy arises under any circumstance, either as part of the Board renewal process or where it is considered that the Board would benefit from the services of a new director with particular skills, the NC, in consultation with the Board, will determine the selection criteria and will select candidates with the appropriate expertise and experience for the position. In its search and nomination process for new directors, the NC may rely on search companies, personal contacts and recommendations for the right candidates. The NC will make reference checks, meet up with the candidates, assess their suitability, and make recommendations to the Board. Shortlisted candidates will then meet up with the other Board members before the Board approves the appointment.

Board appointments are made by the Board after the NC has, upon reviewing the resume of the proposed director and conducting appropriate interviews, recommended the appointment to the Board and the Board approves the appointment. Pursuant to the Constitution of the Company, each director is required to retire at least once every three years by rotation, and all newly appointed directors who are appointed by the Board are required to retire at the next annual general meeting following their appointment. The retiring directors are eligible to offer themselves for re-election.

Their directorships in other listed companies, are set out below:

Name of Directors	Position held on the Board	Current directorships in listed companies	Past directorships in listed companies (in last 3 years)
Peter Sim	Founding Chairman	–	–
JS Sim	Executive Director	–	–
Adeline Sim	Executive Director	–	–
Sin Boon Ann	Lead Independent Director	CSE Global Limited Datapulse Technology Limited OUE Limited Rex International Holding Limited TIH Limited	–
Mae Heng	Independent Director	Apex Healthcare Berhad Chuan Hup Holdings Limited Grand Venture Technology Limited Ossia International Limited Pacific Star Development Limited	Asiatravel.com Holdings Ltd
NS Tan	Independent Director	Plastoform Holdings Limited Serrano Limited	–

According to Article 94 of the Company's Constitution, JS Sim and Sin Boon Ann will retire at the Company's forthcoming annual general meeting and will be eligible for re-election. The Board has accepted the NC's recommendation for the re-election of JS Sim and Sin Boon Ann. In making the recommendation, the NC had considered the Directors' overall contribution and performance.

When a director has multiple listed company board representations, the NC also considers whether or not the director is able to and has adequately carried out his duties as a director of the Company. The NC is satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that three of the directors, Sin Boon Ann, Mae Heng and NS Tan have multiple board representations. The NC is of the view that the matter relating to multiple listed company board representations should be left to the judgment of each Director given that time requirements for different board representations vary. And as such, the NC and the Board have decided that there is no necessity to determine the maximum number of listed company board representations which a director may hold at this point in time.

Each member of the NC has abstained from reviewing and voting on any resolution relating to the assessment of his performance and independence, or his re-nomination as Director, or in any matter where he has an interest. The Company does not have any alternate director on Board.

Key information regarding the directors, are set out on page 10 to 13 of this Annual Report. None of the directors hold shares in the subsidiaries of the Company.

5. BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Board's performance is linked to the overall performance of the Group. The Board ensures that the Company is in compliance with applicable laws, and members of the Board are required to act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders.

The NC is responsible for assessing the effectiveness of the Board as a whole and the Board Committees, and the contribution of the Chairman and each individual Director to the effectiveness of the Board. The NC has established a review process and proposed objective performance criteria set out in assessment checklists which are approved by the Board. The NC assesses the Board's effectiveness as a whole by completing a Board Assessment Checklist, which takes into consideration factors such as the Board's structure, conduct of meetings, risk management and internal control, and the Board's relationship with the Management. The NC assesses the individual Directors' performance, which takes into consideration factors such as commitment of time for meetings, level of participation and contribution at such meetings and the technical knowledge of the Directors.

In view of the size and composition of the Board, whereby all Independent Directors sit in the various Board Committees, the Board deems that there would be no value add for the NC to assess the effectiveness of each Board Committee.

The performance criteria are not subject to changes from year to year. Nonetheless, where circumstances deem it necessary for any of the criteria to be changed, the Board will justify such changes.

The Board and the NC have endeavored to ensure that directors appointed to the Board possess the background, experience, business knowledge, finance and management skills critical to the Group's business. They have also ensured that each Director, with his special contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

For FY2018 under review, no external facilitator has been engaged to perform the Board assessment process. Where relevant and when the need arises, the NC will consider such an engagement.

6. ACCESS TO INFORMATION

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Directors are furnished with detailed, adequate and timely information concerning the Group from the Management, to support their decision-making process and allow them to discharge their duties and responsibilities by acting in the best interest of the Group and its shareholders. Any additional materials or information requested by the Directors to make informed decisions are promptly furnished by Management.

Prior to each Board meeting, the members of the Board are each provided with the relevant documents and information necessary for them to comprehensively understand the issues to be deliberated upon and make informed decisions thereon.

As a general rule, notices are sent to the Directors in advance of Board meetings, followed by the Board papers, in order for the Directors to be adequately prepared for the meetings.

The Board (whether individually or as a whole) has separate and independent access to the Management, internal auditors, external auditors and the Company Secretary at all times, and may seek independent professional advice, if necessary, at the expense of the Company. The Company Secretary attends all Board meetings and ensures that all Board procedures are followed. Where the Company Secretary is unable to attend any Board meeting, he ensures that a suitable replacement is in attendance and that proper minutes of the same are taken and kept. The Company Secretary also ensures that the Company complies with the requirements of the Companies Act, Chapter 50 of Singapore, and the Listing Rules of SGX-ST. The appointment and removal of the Company Secretary are subject to the Board's approval.

7. REMUNERATION MATTERS

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC makes recommendations to the Board on the framework of remuneration, and the specific remuneration packages for each Director. The RC comprises NS Tan, Sin Boon Ann and Mae Heng, all of whom are Independent Non-Executive Directors. The chairman of the RC is NS Tan.

The terms of reference of the RC have been approved and adopted. The duties and powers of the RC include the following:

(a) reviewing and recommending to the Board, in consultation with the Chairman of the Board (where applicable, such as in a case where the Chairman of the Board is not a member of the RC), for endorsement, a comprehensive remuneration policy framework and general framework and guidelines for remuneration of the directors and key management personnel;

(b) reviewing recommendations made by the GROW Committee with regards to the administration of the 123GROW Plan, including the Opp 1 Plan, the Opp 2 Plan and the HRnet GROW Plan, and recommending the same with such adjustments or modifications as it may deem necessary, to the Board, for endorsement;

(c) reviewing and recommending to the Board, for endorsement, specific remuneration packages for each of the directors and the key management personnel;

(d) reviewing the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service;

(e) recommending to the Board, for endorsement, performance targets for assessing the performance of each of the Executive Directors and key management personnel; and

(f) other acts as may be required by the SGX-ST and the Code from time to time.

The members of the RC are familiar with executive compensation matters as they manage their own businesses, and/or have held or are holding other senior positions and directorships. The RC has access to expert advice regarding executive compensation matters, if required. The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2018.

The RC's recommendations will be submitted for endorsement by the Board. Each RC member does not participate in discussions, and abstains from decision-making, in relation to any remuneration, compensation, options or any form of benefits to be granted to him/her. No director is involved in deciding his/her own remuneration, compensation or any form of benefits to be granted to him/her.

The RC reviews the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous with an aim to be fair and avoid rewarding poor performance.

8. LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In setting remuneration packages, the RC takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors and Key Executive Officers. The remuneration package is designed to allow the Company to better align the interests of the Executive Directors and key management personnel with those of shareholders and link rewards to corporate and individual performance.

The Independent Directors receive directors' fees for their effort and time spent, responsibilities and level of contribution to the Board and Board Committees, which are subject to shareholders' approval at annual general meetings.

Remuneration for the Executive Directors comprises a basic salary component and a variable component that is the incentive bonus, based on the performance of the Group as a whole.

The Group has entered into fixed-term service agreements with the Executive Directors, namely Peter Sim, JS Sim and Adeline Sim. The service agreements are valid for an initial period of five years with effect from the date of admission of the Company to the Mainboard of the SGX-ST and thereafter may be renewed for an additional one-year period or such period as the parties may agree.

Either party may terminate the service agreements at any time by giving the other party not less than three months' notice in writing, or in lieu of such notice, an amount equivalent to three months' salary based on the respective Executive Directors' last drawn base salary.

Through the use of contractual provisions, the Group may exercise its discretion to reclaim incentive components of remuneration from the relevant management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group.

Save for the share awards scheme disclosed in Principle 9, there were no long term incentive schemes introduced by the Company in FY2018.

9. DISCLOSURE ON REMUNERATION

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The Board is of the view that full disclosure of the specific remuneration of each individual Director, key management personnel and the immediate family member of the directors is not in the best interests of the Company, taking into account the sensitive nature of the subject, the high competitive business environment the Group operates in and the potential negative impact such disclosure will have on the Group, and that the current disclosure on a named basis and in bands of S$250,000 including the provision of a breakdown in percentage terms is sufficient.

The level and mix of remuneration paid or payable to the Directors and key management personnel for FY2018 are set out as follows:

Name of Directors	Salary (1) %	Bonus (2) %	Director's Fees (3) %	Other Benefits %	Total Compensation %
DIRECTORS					
S$1,500,000 to S$1,749,999					
JS Sim	25	75	–	–	100
S$1,250,000 to S$1,499,999					
Peter Sim	40	60	–	–	100
S$250,000 to S$499,999					
Adeline Sim	64	19	–	17	100
Below S$250,000					
Sin Boon Ann	–	–	100	–	100
Mae Heng	–	–	100	–	100
NS Tan	–	–	100	–	100

Name of Key Management Personnel	Salary (1) %	Bonus (2) %	Director's Fees (3) %	Other Benefits %	Total Compensation %
KEY MANAGEMENT PERSONNEL					
S$1,000,000 to S$1,249,999					
Lorencz Tay Yuh Shiuan	28	70	–	2	100
S$750,000 to S$999,999					
Madeline Wan Poh Cheng	38	60	–	2	100
S$250,000 to S$499,999					
Jennifer Kang Ah Eng	83	13	–	4	100
Daisy Tan	76	20	–	4	100

Notes:

(1) The salary amount shown is inclusive of allowances and statutory contributions to the Central Provident Fund.

(2) The bonus amount shown is inclusive of statutory contributions to the Central Provident Fund.

(3) Director's fees are subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

The remuneration of an employee who is the immediate family member of the Company's Directors for FY2018, and whose income exceeds S$50,000 is set out below.

Name of Immediate Family Member of Director	Position held	Family Relationship with Directors
S$50,000 to S$249,999		
Sim Wei Wen, Aviel ("Aviel Sim")	Consulting Director	Son of Peter Sim, brother of Adeline Sim

The aggregate remuneration paid to the key management personnel of the Group (who are not directors or CEO) in FY2018 amounted to S$2.5million.

There are no termination, retirement or post-employment benefits that are granted to the Directors and the key management personnel of the Group.

The Company had adopted a share awards scheme known as the 123GROW Plan. The GROW Committee comprises Peter Sim, JS Sim and Adeline Sim. The GROW Committee, which is authorised and appointed by the Board to administer the 123GROW Plan, reports directly to the RC with its recommendations.

The 123GROW Plan which comprises (a) Opp 1 Plan, (b) Opp 2 Plan and (c) HRnet GROW Plan in respect of unissued ordinary shares in the Company was approved by the shareholders of the Company at an Extraordinary General Meeting held on 24 May 2017. Opp 1 Plan and Opp 2 Plan are one-off schemes which commenced prior to the Company listing on the SGX-ST while HRnet GROW Plan is the employee share incentive plan which commenced after the listing on 16 June 2017. As at the date of this statement, no share awards under the HRnet GROW Plan have been granted.

The participants of Opp 1 Plan and Opp 2 Plan, who are directors and employees of the Group, will receive fully paid ordinary shares of the Company ("Bonus Shares"). The Bonus Shares were granted to eligible participants when they subscribed to the plan and these shares will be allotted and issued in 3 equal tranches over a period of 3 years when all vesting conditions are met for each of the 3 years.

Awards comprising an aggregate of 6.8 million bonus shares were granted under the Opp 1 Plan and Opp 2 Plan on 19 June 2017. More details of the Opp 1 Plan and Opp 2 Plan can be found on page 69 and 70, in the "Directors' Statement" of this Annual Report.

The RC from time to time and where necessary will seek advice from external remuneration consultants in framing the remuneration policy and determining the level and mix of remuneration for directors and key management personnel. None of the members of the RC or any director is involved in deliberations in respect of any remuneration, compensation or any form of benefits to be granted to him/her.

10. ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board understands its accountability to the shareholders on the Group's performance, financial position and prospects. The objectives of the presentation of the annual and interim financial statements announcements to its shareholders are to provide the shareholders with a balanced and understandable analysis and explanation of the Group's financial performance and position, and prospects.

The Board has reviewed the Group's financial statements, overall business operations, operational practices and procedures at the quarterly Board meetings and discussed or have been updated on the relevant legislative and regulatory requirements either at Board meetings or via electronic mails. In line with the Listing Rules, the Board provides a negative assurance confirmation to the shareholders in respect of the interim financial statements.

The Management understands its role in providing all members of the Board with management accounts and such explanation as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Group's performance, financial position and prospects.

11. RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges that it is responsible for the overall risk management and internal control framework, but recognises that no cost effective control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Group, in consultation with the internal auditors, has implemented the Enterprise Risk Management ("ERM") framework which lays out the governing policies and procedures and complies with recommendation of the Code. The ERM framework is benchmarked against the Committee of Sponsoring Organisations of the Treadway Commission (i.e. "COSO Model") which is designed to manage the Group's risks and its internal control systems, so as to provide reasonable but not absolute assurance that assets are safeguarded, proper accounting records are maintained, operational controls are adequate and business risks are suitably managed. The Board oversees the Management in the design, implementation and monitoring of the risk management and internal control systems, and reviews the adequacy and effectiveness of such systems at least annually.

The internal auditors conduct annual reviews of the effectiveness and have presented their internal audit plan to the AC and the Board in FY2018, to assist the AC and the Board in their review of the Group's key risk management and internal control systems, including financial, operational, compliance and information technology controls. Any material non-compliance or lapses in internal controls, together with recommendations for improvement, are reported to the AC and the Board. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

The Board has received assurance from the Chairman and the Chief Financial Officer (a) that the financial records have been properly maintained and the financial statements for the financial year ended 31 December 2018 give a true and fair view of the Company's operations and finances, and (b) regarding the effectiveness of the Company's risk management and internal control systems.

Based on the assurance from the Chairman and Chief Financial Officer referred to in the preceding paragraph, the various internal controls put in place by the Group, the work performed and reports submitted by the internal auditors of the Group and the reviews carried out by the Board and the AC, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal control systems of the Group, addressing financial, operational, compliance and information technology controls, were adequate and effective as at 31 December 2018.

12. AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference, which clearly set out its authority and duties.

The AC comprises Mae Heng, Sin Boon Ann and NS Tan, all of whom are Independent Non-Executive Directors. The chairman of the AC is Mae Heng. The members of the AC have sufficient accounting or financial management expertise, as interpreted by the Board in its business judgment, to discharge the AC's functions. None of the AC members were previously partners or directors of the Company's existing audit firm or auditing corporation within the previous 12 months nor does any of the AC members hold any financial interest in Company's existing audit firm or auditing corporation.

The written terms of reference of the AC have been approved and adopted. The main duties and powers of the AC include to:

(a) undertake such other reviews and projects as may be requested by the Board and assist the Board in discharging its statutory responsibilities on financing and accounting matters;

(b) review significant financial reporting issues and judgments to ensure the integrity of the financial statements and any announcements relating to financial performance;

(c) review and report to the Board on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management policies and systems at least annually;

(d) review, with the external auditors, their evaluation of the system of internal accounting controls;

(e) review the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;

(f) review the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board;

(g) review the statements to be included in the annual report concerning the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems;

(h) review, with the internal auditor, his evaluation of the implementation and effectiveness of the Compliance Framework, and overseeing the Compliance Committee;

(i) review any matters escalated by the Compliance Committee and making recommendations to the Compliance Committee and, if necessary or appropriate, the Board with a view to resolving or mitigating such matters;

(j) review any interested person transactions as defined in the Listing Manual;

(k) review and approve all hedging policies and types of hedging instruments to be implemented by the Company, if any;

(l) monitor and review the effectiveness of the internal audit function;

(m) appraise and report to the Board on the audits undertaken by the external auditors and internal auditors, the adequacy of disclosure of information, and the appropriateness and quality of the system of management and internal controls;

(n) make recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor;

(o) review any actual or potential conflicts of interest that may involve the Directors as disclosed by them to the Board and exercise directors' fiduciary duties in this respect;

(p) review the policy and arrangements for employees and any other persons to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Audit Committee shall ensure that these arrangements allow such concerns to be raised, proportionate and independent investigation of such matters and appropriate follow up action to be taken;

(q) review and discuss with the external and internal auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;

(r) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;

(s) generally undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time;

The AC has full authority to investigate any matter within its terms of reference, full access to and cooperation from the Management, and full discretion to invite any Director, Executive Officer or other employee of the Group to attend its meetings, and is given reasonable resources to enable it to discharge its functions properly and effectively.

The AC meets with the external and internal auditors without the presence of the Management, at least annually.

The external auditors update the AC on any changes in accounting standards impacting the financial statements of the Group before an audit commences.

The AC discusses and reviews the key audit matter with both management and auditor. The AC concluded that Group accounting policies with regard to revenue recognition have been adhered to and that judgments made remain appropriate.

The fees paid by the Company to the external auditors in FY2018 for audit and non-audit services amounted to SS$322,000 and SS$126,000, respectively. The AC, having undertaken a review of all non-audit services provided by the external auditors, is of the opinion that such services would not affect the independence of the external auditors.

The Company has complied with Rules 712 and 715 of the Listing Rules in relation to its external auditors.

The Group has implemented a whistle-blowing policy. The policy aims to provide an avenue for employees and external parties to raise concerns about misconduct or improprieties in the Group and at the same time assure them that they will be protected from victimisation for whistle-blowing in good faith. Cases that are significant are reviewed by the AC for adequacy of investigation actions and resolutions.

13. INTERNAL AUDIT

Principle 13: The company should establish an internal audit function that is adequately resourced and independent of the activities it audits.

The Board recognises the importance of maintaining a sound system of internal controls to safeguard the shareholders' investments and the Group's assets. The Company outsources the internal audit function to an external professional firm to perform the internal audit function, review and test of controls of the Group's processes. The AC approves the appointment, removal, evaluation and compensation of the internal auditors. The internal auditors report directly to the chairman of the AC and has full access to the Company's documents, records, properties and personnel.

In FY2018, the Board engaged Ernst & Young Advisory Pte Ltd as its internal auditors to review the pre-selected areas of the operations of the Group. The AC, having considered, amongst others, the reputation and track record of Ernst & Young Advisory Pte Ltd and the qualifications, experience and availability of resources and independence of the team at Ernst & Young Advisory Pte Ltd, is satisfied that the appointment of Ernst & Young Advisory Pte Ltd as internal auditors is appropriate.

The internal auditors plan the internal audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The internal audit is carried out in accordance with the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC will review the activities of the internal auditors, including overseeing and monitoring the implementation of improvements required on internal control weaknesses identified.

The AC is satisfied with the adequacy and effectiveness of the Company's internal audit function.

14. SHAREHOLDER RIGHTS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company strives for timeliness and consistency in its disclosures to shareholders. It is the Company's policy to keep all shareholders informed of developments or changes that will have a material impact on the Company's share price, through announcements via SGXNET. Such announcements are communicated on an immediate basis, or as soon as possible where immediate disclosure is not practicable due to confidentiality reasons. The Company does not practice preferential and selective disclosure to any group of shareholders.

Shareholders are informed on a timely basis of general meetings through notices published in the newspapers and through reports or circulars sent to all shareholders. The Board strongly encourages shareholders' participation during the general meetings. Resolutions are passed through a process of voting and shareholders are entitled to vote in accordance with established voting rules and procedures.

The Constitution of the Company allows a member who is a relevant intermediary to appoint two or more proxies to attend annual general meetings, so that shareholders who hold shares through a relevant intermediary can attend and participate in general meetings as proxies.

15. COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company recognises that effective communication leads to transparency and enhances accountability. The Company regularly conveys pertinent information, gathers views or input, and addresses shareholders' concerns. In this regard, the Company provides timely information to its shareholders via SGXNET announcements and news releases and ensures that price-sensitive information is publicly announced within the mandatory period.

The Investor Relations Policy is set out on pages 34 and 35 of this Annual Report.

In relation to the payment of dividend, the Company currently does not have a fixed dividend policy. The form, frequency and amount of future dividends that the Directors may recommend or declare in respect of any particular year or period will be subject to the factors outlined below as well as any other factors deemed relevant by the Directors:

- the Company's financial position, results of operations and cash flow;
- the ability of the subsidiaries to make dividend payments to the Company;
- the expected working capital requirements to support the Group's future growth;
- the ability to successfully implement the Group's future plans and business strategies;
- the passage of new laws, adoption of new regulations or changes to, or in the interpretation or implementation of, existing laws and regulations governing business operations;
- general economic conditions and other factors specific to the industry or specific projects; and
- any other factors deemed relevant by the directors at the material time.

For FY2018 the Board intends to declare and distribute dividends of 50% of the Company's normalised net profit after tax (excluding exceptional items) to its shareholders to reward Shareholders for participating in the Group's growth.

The proposed dividend payout for FY2018 would constitute approximately 53.7% of net profit after tax in FY2018, subject to shareholders' approval at the forthcoming annual general meeting.

16. CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

All shareholders of the Company will receive the notice of the annual general meeting and the annual report will be available for download from the Company's website and SGXNET. The notice will also be advertised in a local newspaper and made available on SGXNET. The Company encourages shareholders' participation at annual general meetings, and all shareholders are given the opportunity to voice their views and to direct queries regarding the Group to directors, including the chairperson of each of the Board committees. The Company's external auditors are also present to assist the Board in addressing any relevant queries from shareholders. Minutes of general meetings, including relevant substantial comments or queries from shareholders relating to the agenda of the meeting and responses from the Board or the Management, are available to shareholders upon their request.

The Company also ensures that there are separate resolutions at general meetings on each distinct issue. The Board supports the Code's principle of encouraging shareholder participation. The Constitution of the Company currently allows a member of the Company to appoint up to two proxies to attend and vote at general meetings.

All resolutions at general meetings are voted by poll so as to better reflect the shareholders' interests and ensure greater transparency. The Company adopts an electronic poll voting system to register the votes of shareholders who attend the general meetings. The Company appoints an independent external party as scrutineer for the electronic poll voting process.

Prior to each general meeting, the scrutineer will review the proxies and the electronic poll voting system to ensure that the information is compiled correctly. The scrutineer also attends the general meetings to ensure that the polling process is properly carried out. The rules, including the voting process, will be explained by the polling agents at such general meetings. Votes cast, for or against and the respective percentages, on each resolution are tallied and displayed 'live' on-screen to shareholders at the general meetings. The total number of votes cast 'for' or 'against' the resolutions and the respective percentages are also announced on SGXNET after the general meetings.

DEALINGS IN SECURITIES OF THE COMPANY

In compliance with the Listing Rules on dealings in securities, Directors and employees of the Company are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company shall not deal in and prohibits dealings in its shares by its Directors, officers and employees during the period commencing two weeks and one month before the announcement of the Company's quarterly and full-year financial statements respectively, and ending on the date of the announcement of the results.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC, and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

Details of the additional interested person transactions of S$100,000 and above entered during FY2018 are as follows:

Name of Interested Person and Transactions	Aggregate value of all interested person transactions during the year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000 (2)
	Full Year ended 31 December 2018	Full year ended 31 December 2018
RecruitFirst Limited (1)		
(a) Working capital loan	1,743	Nil
(b) Provision of Management Services	205	Nil
(c) Provision of Recruitment Services	215	Nil

(1) Aviel Sim, who is one of the controlling shareholder, son of Peter Sim and brother of Adeline Sim, holds 20% of the equity interest in RecruitFirst Limited. Accordingly, RecruitFirst Limited is an associate of Aviel Sim and an interested person in relation to the Group.
(2) The Group did not obtain a shareholders' mandate under Rule 920 of the Listing Manual.

MATERIAL CONTRACTS

There is no material contract of the Group involving the interests of a Director or controlling shareholder, either still subsisting at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year.

USE OF IPO PROCEEDS

Pursuant to the Company's IPO, the Company received gross proceeds from the IPO of approximately S$174.1 million, the utilisation of which as of 31 December 2018 is set out as below:

	Amount utilised SS$ million
Underwriting commission	4.7
Professional fees and other miscellaneous expenses (including listing fees)	4.4
Purchase of marketable securities	22.0
Purchase of equity investments designated at FVTPL	6.3
Acquisition and investment in subsidiaries	1.8
Startup of subsidiaries	0.3
	39.5

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 76 to 127 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debt when they fall due.

1. DIRECTORS

The directors of the Company in office at the date of this statement are:

Sim Yong Siang
Sim Joo Siang
Sim Wei Ling, Adeline
Sin Boon Ann
Heng Su-Ling Mae
Tan Ngiap Siew

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the bonus shares granted under the 123GROW Plan mentioned in paragraph 4 of the Directors' Statement.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act except as follows:

Name of directors and companies in which interests are held	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
The Company				
(Ordinary shares)				
Sim Yong Siang	–	–	751,825,600 (1)	753,025,600 (1)
Sim Joo Siang	–	–	751,825,600 (1)	753,025,600 (1)
Sim Wei Ling, Adeline	306,400	350,800	751,825,600 (1)	753,025,600 (1)
Tan Ngiap Siew	65,000	65,000	–	–

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

Name of directors and companies in which interests are held	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
The ultimate holding company SIMCO Global Limited (Ordinary shares)				
Sim Yong Siang	–	–	2 [(1)]	2 [(1)]
Sim Joo Siang	–	–	2 [(1)]	2 [(1)]
Sim Wei Ling, Adeline	–	–	2 [(1)]	2 [(1)]
The immediate holding company SIMCO Limited (Ordinary shares)				
Sim Yong Siang	–	–	100 [(1)]	100 [(1)]
Sim Joo Siang	–	–	100 [(1)]	100 [(1)]
Sim Wei Ling, Adeline	–	–	100 [(1)]	100 [(1)]

Notes:

(1) The directors' deemed interest in SIMCO Global Limited is through SIMCO Trust. SIMCO Trust is controlled by Mr Sim Joo Siang, Mr Sim Yong Siang and his spouse and the discretionary beneficiaries comprise Mr Sim Yong Siang and his spouse, Mr Sim Joo Siang and his spouse and Ms Sim Wei Ling, Adeline among other beneficial owners.

By virtue of section 7 of the Singapore Companies Act, Mr Sim Yong Siang, Mr Sim Joo Siang and Ms Sim Wei Ling, Adeline are deemed to have an interest in all the related corporations of the Company.

The directors' interests in the shares of the Company at 21 January 2019 were the same at 31 December 2018.

4. 123GROW PLAN

The 123GROW Plan which comprises (a) Opp 1 Plan; (b) Opp 2 Plan and (c) HRnet GROW Plan (the "Scheme") in respect of unissued ordinary shares in the Company was approved by the shareholders of the Company at an Extraordinary General Meeting held on 24 May 2017. Opp 1 Plan and Opp 2 Plan are one-off schemes which commenced prior to the Company listing on the Singapore Exchange Securities Trading Limited ("SGX-ST") while HRnet GROW Plan is the employee share incentive plan which commenced after the listing on 16 June 2017. As at the date of this statement, no share awards under the HRnet GROW Plan have been granted.

The Scheme is administered by the GROW Committee which reports directly to the Remuneration Committee, whose members are:

Sim Yong Siang
Sim Joo Siang
Sim Wei Ling, Adeline

The participants of Opp 1 Plan and Opp 2 Plan, who are directors and employees of the Group, will receive fully paid ordinary shares of the Company ("Bonus Shares"). The Bonus Shares were granted to eligible participants when they subscribed to the plan and these shares will be allotted and issued in 3 equal tranches over a period of 3 years when all vesting conditions are met for each of the 3 years.

Awards comprising an aggregate of 6.8 million bonus shares were granted under the Opp 1 Plan and Opp 2 Plan on 19 June 2017, of which 424,000 bonus shares were forfeited in 2017.

4. 123GROW PLAN (CONT'D)

Details of the movement in the bonus shares vested and forfeited under Opp 1 Plan and Opp 2 Plan during the financial year were as follows:

	Balance as at 1 January 2018 No. of shares	Vested No. of shares	Forfeited No. of shares	Balance as at 31 December 2018 No. of shares
Opp 1 Plan				
Tranche 1	1,687,100	(1,648,000)	(39,100)	–
Tranche 2	1,729,600	–	(170,700)	1,558,900
Tranche 3	1,728,100	–	(170,000)	1,558,100
Subtotal	5,144,800	(1,648,000)	(379,800)	3,117,000
Opp 2 Plan				
Tranche 1	412,000	(391,600)	(20,400)	–
Tranche 2	431,600	–	(46,500)	385,100
Tranche 3	431,300	–	(46,100)	385,200
Subtotal	1,274,900	(391,600)	(113,000)	770,300
Total	6,419,700	(2,039,600)	(492,800)	3,887,300

The information on directors of the Company participating in the Scheme is as follows:

Name of director	Balance as at 1 January 2018 No. of shares	Vested No. of shares	Forfeited No. of shares	Balance as at 31 December 2018 No. of shares
Opp 1 Plan				
Sim Wei Ling, Adeline	109,700	(36,600)	–	73,100
Opp 2 Plan				
Sim Wei Ling, Adeline	23,500	(7,800)	–	15,700
Total	133,200	(44,400)	–	88,800

Other than Ms Sim Wei Ling, Adeline (who is an associate of a controlling shareholder of the Company), there are no participants under Opp 1 Plan and Opp 2 Plan who are controlling shareholders and their associates.

There were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares during the financial year.

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5. AUDIT COMMITTEE

The Audit Committee of the Company, consisting all non-executive directors, is chaired by Ms Heng Su-Ling Mae, an independent director, and includes Mr Sin Boon Ann and Mr Tan Ngiap Siew who are also independent directors. The Audit Committee has met 5 times during the year and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

(a) the audit plans and results of the internal auditors' examination and evaluation of the Group's system of internal accounting controls;

(b) the Group's financial and operating results and accounting policies;

(c) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;

(d) the quarterly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

(e) the co-operation and assistance given by management to the Group's external auditors and internal auditors; and

(f) the re-appointment of the external auditors of the Group.

The Audit Committee has full access to and has the co-operation of management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

6. AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

On behalf of the directors

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Sim Yong Siang

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Sim Joo Siang

13 March 2019

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of HRnetGroup Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on page 76 to 127.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the *Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code")* together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in the audit
Revenue recognition for professional recruitment and flexible staffing The Group recognised professional recruitment and flexible staffing revenue of $103 million and $322 million respectively for the year ended 31 December 2018. Revenue from professional recruitment is recognised at a point in time the permanent placement candidate signs the employment contract or commences full-time employment, depending on the terms of the contract. There is a risk that professional recruitment revenue is recognised for placements that did not occur. In addition, if the placement is not taken up by the candidate as agreed, it could result in the reversal of previously recorded revenue. There is also a risk that revenue recognition may occur before revenue recognition criteria are met, resulting in revenue being recognised in the incorrect period. Revenue for flexible staffing is recognised over time as the customer simultaneously receives and consumes the services the company provides. There is a risk that flexible staffing revenue may be recognised prior to or after the contractor employee provides the service, resulting in revenue being recognised in the incorrect period.	Our procedures in relation to this key audit matter on revenue recognition included: • Obtained an understanding of the revenue processes and evaluated the design and tested the operating effectiveness of the controls around revenue recognition and measure of revenue. • Performed test of details on a sample of professional recruitment revenue to verify that the entity has satisfied the performance obligation demonstrated by the right to payment, evidenced by the candidate's commencement of work or signed letter of appointment, as indicated in the Terms of Service. • Performed cut off testing: (1) for professional recruitment revenue, verified that the candidate's date of work commencement or date of signed letter of appointment was in the current year; and (2) for flexible staffing revenue, verified that the approved timesheet relates to days worked in the current year. • Obtained the professional recruitment revenue credit note listing subsequent to year end to verify that credit notes were not issued as a result of non-completion of contractual placements that occurred in the current year.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibility for the Audit of the Financial Statements (cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our audit's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Seah Gek Choo.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

13 March 2019

STATEMENTS OF FINANCIAL POSITION

For the financial year ended 31 December 2018

	Note	Group 31 December 2018 S$'000	Group 31 December 2017 (Restated) S$'000	Group 1 January 2017 (Restated) S$'000	Company 31 December 2018 S$'000	Company 31 December 2017 S$'000
ASSETS						
Current assets						
Cash and cash equivalents	6	281,810	289,090	106,092	136,237	180,252
Trade receivables	7	81,266	74,556	65,848	–	–
Other receivables and prepayments	8	5,896	3,992	4,185	73,564	51,258
Other financial assets	9	16,078	5,546	598	16,050	5,512
Total current assets		385,050	373,184	176,723	225,851	237,022
Non-current assets						
Pledged deposits	6	841	727	140	–	–
Plant and equipment	10	1,559	792	725	–	–
Other intangible assets	11	2,461	222	230	–	–
Goodwill	12	12,298	–	–	–	–
Subsidiaries	13	–	–	–	48,427	48,427
Other financial assets	9	12,197	–	–	11,697	–
Deferred tax assets	14	905	542	441	–	–
Total non-current assets		30,261	2,283	1,536	60,124	48,427
Total assets		415,311	375,467	178,259	285,975	285,449
LIABILITIES AND EQUITY						
Current liabilities						
Trade payables	15	6,486	6,152	5,698	–	–
Other payables and accruals	16	39,296	39,783	63,098	235	399
Deferred considerations	30	4,806	–	–	–	–
Income tax payable		10,703	8,763	12,249	317	181
Total current liabilities		61,291	54,698	81,045	552	580
Non-current liabilities						
Deferred tax liabilities	14	581	–	9	–	–
Deferred considerations	30	8,615	–	–	–	–
Total non-current liabilities		9,196	–	9	–	–
Capital, reserves and non-controlling interests						
Share capital	17	260,605	260,605	48,524	260,605	260,605
Treasury shares	17	(4,903)	–	–	(4,903)	–
Equity reserve	18	(47,563)	(47,534)	(25,476)	(437)	(437)
Share-based payment reserve	19	2,137	1,437	–	2,137	1,437
Translation reserve	20	103	(43)	–	–	–
Retained earnings		122,981	98,025	60,853	28,021	23,264
Equity attributable to owners of the Company		333,360	312,490	83,901	285,423	284,869
Non-controlling interests		11,464	8,279	13,304	–	–
Total equity		344,824	320,769	97,205	285,423	284,869
Total liabilities and equity		415,311	375,467	178,259	285,975	285,449

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Note	Group 2018 S$'000	Group 2017 S$'000
Revenue	21	428,490	391,916
Sub-contractor expenses		(273,193)	(255,914)
Gross profit		155,297	136,002
Other income	22	6,787	8,985
Selling, general, administrative and other expenses:			
Other employee benefit expenses		(76,861)	(67,351)
Facilities and depreciation expenses		(11,107)	(10,707)
Selling expenses		(5,599)	(3,982)
Other expenses		(3,350)	(6,033)
Profit before income tax		65,167	56,914
Income tax expense	23	(12,745)	(10,467)
Profit for the year	24	52,422	46,447
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		63	(105)
Other comprehensive income (loss) for the year, net of tax		63	(105)
Total comprehensive income for the year		52,485	46,342
Profit attributable to:			
Owners of the Company		48,178	41,332
Non-controlling interests		4,244	5,115
		52,422	46,447
Total comprehensive income attributable to:			
Owners of the Company		48,324	41,277
Non-controlling interests		4,161	5,065
		52,485	46,342
Basic earnings per share (cents)	25	4.77	4.59
Diluted earnings per share (cents)	25	4.76	4.56

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

Group	Note	Share capital S$'000	Equity reserve S$'000	Share-based payment reserve S$'000	Translation reserve S$'000	Retained earnings S$'000	Equity attributable to owners of the Company S$'000	Non-controlling interests S$'000	Total equity S$'000
Balance as at 1 January 2017, as previously reported		48,524	(25,476)	–	(2,298)	63,151	83,901	13,304	97,205
Effect of transition to SFRS(I)		–	–	–	2,298	(2,298)	–	–	–
Balance as at 1 January 2017, as adjusted under SFRS(I)		48,524	(25,476)	–	–	60,853	83,901	13,304	97,205
Total comprehensive income (loss) for the year									
Profit for the year		–	–	–	–	41,332	41,332	5,115	46,447
Other comprehensive loss for the year		–	–	–	(55)	–	(55)	(50)	(105)
Total		–	–	–	(55)	41,332	41,277	5,065	46,342
Transactions with owners, recognised directly in equity									
Dividends	26	–	–	–	–	(3,739)	(3,739)	–	(3,739)
Dividends paid to non-controlling shareholders	26	–	–	–	–	–	–	(937)	(937)
Changes in ownership interests in subsidiaries	13	–	(22,058)	–	12	(421)	(22,467)	(9,153)	(31,620)
Recognition of share-based payment	19	–	–	1,437	–	–	1,437	–	1,437
Issuance of shares	17	217,539	–	–	–	–	217,539	–	217,539
IPO expenses taken to equity		(5,458)	–	–	–	–	(5,458)	–	(5,458)
Total		212,081	(22,058)	1,437	12	(4,160)	187,312	(10,090)	177,222
Balance as at 31 December 2017, as restated		260,605	(47,534)	1,437	(43)	98,025	312,490	8,279	320,769

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

Group	Note	Share capital S$'000	Treasury shares S$'000	Equity reserve S$'000	Share-based payment reserve S$'000	Translation reserve S$'000	Retained earnings S$'000	Equity attributable to owners of the Company S$'000	Non-controlling interests S$'000	Total equity S$'000
Balance as at 1 January 2018		260,605	–	(47,534)	1,437	(43)	98,025	312,490	8,279	320,769
Total comprehensive income (loss) for the year										
Profit for the year		–	–	–	–	–	48,178	48,178	4,244	52,422
Other comprehensive income (loss) for the year		–	–	–	–	146	–	146	(83)	63
Total		–	–	–	–	146	48,178	48,324	4,161	52,485
Transactions with owners, recognised directly in equity										
Dividends	26	–	–	–	–	–	(23,262)	(23,262)	–	(23,262)
Dividends paid to non-controlling shareholders		–	–	–	–	–	–	–	(1,524)	(1,524)
Purchase of treasury shares	17	–	(6,633)	–	–	–	–	(6,633)	–	(6,633)
Treasury shares reissued pursuant to bonus shares vested under 123GROW Plan	17	–	1,730	–	(1,730)	–	–	–	–	–
Recognition of share-based payment	19	–	–	–	2,430	–	–	2,430	–	2,430
Change in ownership interests in subsidiaries	13	–	–	(20)	–	–	–	(20)	111	91
Non-controlling interests arising from acquisitions and incorporation of subsidiaries		–	–	–	–	–	–	–	468	468
Liquidation of a subsidiary		–	–	(9)	–	–	40	31	(31)	–
Total		–	(4,903)	(29)	700	–	(23,222)	(27,454)	(976)	(28,430)
Balance as at 31 December 2018		260,605	(4,903)	(47,563)	2,137	103	122,981	333,360	11,464	344,824

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

Company	Note	Share capital S$'000	Equity reserve S$'000	Share-based payment reserve S$'000	Retained earnings S$'000	Total equity S$'000
Balance as at 21 September 2016 (Date of incorporation)		*	–	–	–	*
Total comprehensive income for the period						
Profit for the period		–	–	–	27,003	27,003
Total		–	–	–	27,003	27,003
Transactions with owners, recognised directly in equity						
Dividends	26	–	–	–	(3,739)	(3,739)
Changes in ownership interests in subsidiaries		–	(437)	–	–	(437)
Recognition of share-based payment	19	–	–	1,437	–	1,437
Issuance of shares	17	266,063	–	–	–	266,063
IPO expenses taken to equity		(5,458)	–	–	–	(5,458)
Total		260,605	(437)	1,437	(3,739)	257,866
Balance as at 31 December 2017		260,605	(437)	1,437	23,264	284,869

* Represents 3 shares with issued and paid-up capital of $3.

Company	Note	Share capital S$'000	Treasury shares S$'000	Equity reserve S$'000	Share-based payment reserve S$'000	Retained earnings S$'000	Total equity S$'000
Balance as at 1 January 2018		260,605	–	(437)	1,437	23,264	284,869
Total comprehensive income for the year							
Profit for the year		–	–	–	–	28,019	28,019
Total		–	–	–	–	28,019	28,019
Transactions with owners, recognised directly in equity							
Dividends	26	–	–	–	–	(23,262)	(23,262)
Purchase of treasury shares	17	–	(6,633)	–	–	–	(6,633)
Treasury shares reissued pursuant to bonus shares vested under 123GROW Plan	17	–	1,730	–	(1,730)	–	–
Recognition of share-based payment	19	–	–	–	2,430	–	2,430
Total		–	(4,903)	–	700	(23,262)	(27,465)
Balance as at 31 December 2018		260,605	(4,903)	(437)	2,137	28,021	285,423

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

	Group	
	2018	2017
	S$'000	S$'000
Operating activities		
Profit before income tax	65,167	56,914
Adjustments for:		
Depreciation of plant and equipment	889	721
Amortisation of intangible assets	93	101
Interest income	(3,458)	(1,564)
Dividend income	(328)	–
Share-based payment expenses	2,430	1,437
Gain on disposal of financial assets	(1,040)	(30)
Gain on disposal of plant and equipment	(1)	–
Fair value gain on financial assets measured at FVTPL	(898)	–
Net fair value loss (gain) on financial assets mandatorily measured at FVTPL	4,783	(1,039)
Allowance for doubtful receivables	1,544	88
Operating cash flows before movements in working capital	69,181	56,628
Trade receivables	(6,986)	(8,796)
Other receivables and prepayments	(659)	297
Trade payables	298	454
Other payables and accruals	(1,408)	(702)
Cash generated from operations	60,424	47,881
Interest received	2,389	1,436
Income tax paid	(11,199)	(14,093)
Net cash from operating activities	51,614	35,224
Investing activities		
Dividends received	328	–
Purchase of plant and equipment and intangible assets	(1,728)	(899)
Proceeds from disposal of plant and equipment	1	–
Purchase of financial assets mandatorily measured at FVTPL	(17,645)	(4,387)
Proceeds from disposal of financial assets mandatorily measured at FVTPL	3,370	508
Purchase of equity investments designated at FVTPL	(6,299)	–
Purchase of quoted debt instrument at amortised cost	(5,000)	–
Acquisition of subsidiaries (Note 30)	(485)	–
Proceeds from sales of ownership interests in subsidiaries to non-controlling shareholders	91	–
Net cash used in investing activities	(27,367)	(4,778)
Financing activities		
Dividends paid to non-controlling shareholders	(1,186)	(1,491)
Dividends paid	(23,456)	(20,568)
Placement of pledged deposits	(118)	(589)
Purchase of treasury shares	(6,633)	–
Capital contributions by non-controlling shareholders in subsidiaries	159	–
Proceeds from issuance of shares (Note A)	–	176,055
Net cash (used in) from financing activities	(31,234)	153,407
Net (decrease) increase in cash and cash equivalents	(6,985)	183,853
Cash and cash equivalents at beginning of the year	289,090	106,092
Effect of foreign exchange rate changes	(295)	(855)
Cash and cash equivalents at end of the year	281,810	289,090

See accompanying notes to the financial statements.

Non-cash Transactions

Note A:
In 2017, offering shares and cornerstone shares were issued pursuant to the offering. Shares were also issued under the 123GROW Plan (Note 19) and 88GLOW Plan (Note 13).

	S$'000
Issuance of shares	217,539
IPO expenses taken to equity	(5,458)
	212,081
Loyalty Shares issued under the Opp 1 Plan (Note 19)	(4,871)
Shares issued under the 88GLOW Plan (Note 13)	(31,155)
Proceeds from issuance of shares	176,055

See accompanying notes to the financial statements.

1 GENERAL

HRnetGroup Limited (the "Company") (Registration No.201625854G) is incorporated in Singapore with its principal place of business and registered office at 391A Orchard Road, #23-06 Ngee Ann City Tower A, Singapore 238873. The Company is listed on the mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of investment holding.

The principal activities of the significant subsidiaries are disclosed in Note 13 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2018 were authorised for issue by the Board of Directors on 13 March 2019.

For all periods up to and including the year ended 31 December 2017, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended 31 December 2018 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 2.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the SFRS(I).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 1-17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

<u>Changes in the Group's ownership interests in existing subsidiaries</u>

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity via equity reserve and attributed to owners of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's separate financial statements, investment in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 Share-based Payment at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all financial assets other than debt instruments are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "other income" line item.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

Financial assets at FVTPL
Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically, investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other income" line item (Note 22). Fair value is determined in the manner described in Note 4(b)(vi).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" or "other expenses" line item; and

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" or "other expenses" line item.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost and trade and other receivables. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12m ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product (GDP), the future prospects of the industries in which the Group's debtors operate and the forecast economic information that relate to the Group's operations to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed *under* liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instruments is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is contingent consideration of an acquirer in a business combination to which SFRS(I) 3 applies.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the "other income" or "other expenses" line item.

Fair value is determined in the manner described in Note 4(b)(vi).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not contingent consideration of an acquirer in a business combination are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other income" and "other expenses" line item in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

<u>Derecognition of financial liabilities</u>

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

PLANT AND EQUIPMENT – Plant and equipment are carried at cost less accumulated depreciation and any impairment losses where the recoverable amount of the asset is estimated to be lower than its carrying amount.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Furniture and fittings	–	1 to 5 years
Office equipment	–	2 to 5 years
Renovation	–	2 to 4 years
Computers	–	1 to 5 years

The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the consolidated financial statements.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INTANGIBLE ASSETS – Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives as below:

Computer software	–	1 to 5 years
Database	–	8 years

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

GOODWILL – Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL – At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indicator that those assets have suffered an impairment loss. If any such indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

SHARE-BASED PAYMENTS – The Group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of the equity-settled share-based transactions are set out in Note 19. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimates of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

GOVERNMENT GRANTS – Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systemic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

REVENUE RECOGNITION – The Group recognises revenue from the hourly sales of services by contractor employees to customers ("flexible staffing" revenue) and the recruiting of permanent employees for our customers ("professional recruitment" revenue).

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when control of the promised services is transferred to the customer. The Group has generally concluded that it is the principal in its revenue arrangements and records revenue on a gross basis because it typically controls the promised services before transferring them to the customer.

The average credit period for the rendering of services is 7 to 60 days. Management does not assess whether a contract has a significant financing component if the expectation at contract inception is that the period between payment by the customer and the transfer of the services to the customer will be less than one year. The Group does not have any significant financing components or extended payment terms.

Flexible staffing revenue

Flexible staffing contracts are short-term in nature. Billings are generally negotiated and invoiced on a per-hour basis as the flexible staffing services are transferred to the customer. Revenue from the majority of the flexible staffing services continues to be recognised over time as the customer simultaneously receives and consumes the services the Group provides. The Group has applied the practical expedient to recognise revenue for these services over the term of the agreement in proportion to the amount the Group has the right to invoice the customer.

Professional recruitment

Revenue from professional recruitment is recognised at the point in time the permanent placement candidate signs the employment contract or commences full-time employment. The point of recognition is dependent on the terms of the contract of when the Group becomes entitled to invoice customers for the services rendered. The right to bill the customer signify when the point that the customer considers the control has been transferred.

Revenue from other fee-based services, such as our provision of payroll services, is recognised when the services are provided.

SUB-CONTRACTOR EXPENSES – Sub-contractor expenses are costs directly associated with the earning of revenue which primarily consists of payroll cost of contractor employees.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

Current and deferred tax are recognised as an expense or income in profit or loss, except where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and equity of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing on the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the Group's translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents comprise cash on hand, bank balances and fixed deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements (apart from those involving estimation which are dealt with below).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

<u>Fair value measurements and valuation processes</u>

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 4.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group			Company	
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000	31 December 2018 S$'000	31 December 2017 S$'000
Financial assets					
Financial assets at amortised cost	373,677	367,437	175,266	214,785	231,493
Financial assets mandatorily measured at FVTPL	16,078	5,546	598	16,050	5,512
Financial assets designated at FVTPL	7,197	–	–	6,697	–
	396,952	372,983	175,864	237,532	237,005

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(a) *Categories of financial instruments (cont'd)*

	Group			Company	
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000	31 December 2018 S$'000	31 December 2017 S$'000
Financial liabilities					
Financial liabilities at amortised cost	39,281	45,205	67,959	235	399
Deferred consideration for business combinations	13,421	–	–	–	–
	52,702	45,205	67,959	235	399

(i) Financial assets designated at FVTPL

	Group			Company	
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000	31 December 2018 S$'000	31 December 2017 S$'000
Carrying amount of financial assets designated at FVTPL	7,197	–	–	6,697	–
Changes in fair value recognised during the year, representing cumulative changes in fair value	898	–	–	898	–

(b) *Financial risk management policies and objectives*

The Group's activities expose it to a variety of financial risks. The Group does not hold or issue derivative financial instruments for hedging and speculative purposes.

(i) Foreign exchange risk management

Foreign exchange risk occurs as a result of the Group's transactions that are not denominated in their respective functional currencies. These transactions arise from the Group's ordinary course of business.

The Group's foreign currency exposures arise mainly from the exchange rate movements of the United States dollar, Singapore dollar, Japanese yen, Great Britain pound, Chinese yuan and Australian dollar against the functional currencies of the respective Group entities.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(i) Foreign exchange risk management (cont'd)

At the reporting date, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

Group	Assets 31 December 2018 S$'000	Assets 31 December 2017 S$'000	Assets 1 January 2017 S$'000	Liabilities 31 December 2018 S$'000	Liabilities 31 December 2017 S$'000	Liabilities 1 January 2017 S$'000
United States dollar	7,824	1,588	1,944	–	–	(82)
Singapore dollar	1,254	1,384	4,387	–	–	–
Japanese yen	13,358	6,148	597	–	–	–
Great Britain pound	4,186	18	18	–	–	–
Chinese yuan	381	235	68	–	–	–
Australian dollar	96	1,039	1,519	–	(1)	–

Company	Assets 31 December 2018 S$'000	Assets 31 December 2017 S$'000	Liabilities 31 December 2018 S$'000	Liabilities 31 December 2017 S$'000
Japanese yen	13,358	5,576	–	–
United States dollar	6,697	–	–	–
Great Britain pound	4,186	–	–	–

The Group has a number of direct foreign investments, whose net assets are exposed to currency translation risk. Exposures to foreign currency risks are managed as far as possible by natural hedges of matching assets and liabilities and management reviews periodically that the net exposure is kept at an acceptable level.

Foreign currency sensitivity analysis

If the relevant foreign currency strengthens by 10% against the functional currency of each Group entity, profit before tax will increase by:

	Group 31 December 2018 S$'000	Group 31 December 2017 S$'000	Group 1 January 2017 S$'000	Company 31 December 2018 S$'000	Company 31 December 2017 S$'000
United States dollar	782	159	186	670	–
Singapore dollar	125	138	439	–	–
Japanese yen	1,336	615	60	1,336	558
Great Britain Pound	419	2	2	419	–
Chinese yuan	38	24	7	–	–
Australian dollar	10	104	152	–	–

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(i) Foreign exchange risk management (cont'd)

If the relevant foreign currency weakens by 10% against the functional currency of each Group entity, profit before tax will decrease by the same amount.

10% represents management's assessment of the possible change in foreign exchange rates. This sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust their translation at the period end for a 10% change in foreign currency rates.

(ii) Interest rate risk management

Interest rate risk refers to changes in market interest rates which would have an impact on the interest income from cash and bank balances of the Group. The Group's exposure to interest rate risk relates primarily to the amounts held in bank deposits, however, such impact is not expected to be significant.

(iii) Equity price risk management

The Group is exposed to equity risk arising from equity investments classified as held for trading.

Further details of these equity investments can be found in Note 9 to the financial statements.

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

In respect of held-for-trading equity investments, if equity prices had been 10% higher/lower:

The Group's net profit for the year ended 31 December 2018 would increase/decrease by $2.33 million (2017: increase/decrease by $0.55 million).

The Group's sensitivity to equity prices has not changed significantly from the prior year.

(iv) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(iv) Overview of the Group's exposure to credit risk (cont'd)

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount S$'000	Loss allowance S$'000	Net carrying amount S$'000
Group						
31 December 2018						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	82,708	(1,442)	81,266
Other receivables	8	Performing	12-month ECL	4,760	–	4,760
					(1,442)	
31 December 2017						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	74,610	(54)	74,556
Other receivables	8	Performing	12-month ECL	3,064	–	3,064
					(54)	
1 January 2017						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	65,914	(66)	65,848
Other receivables	8	Performing	12-month ECL	3,186	–	3,186
					(66)	

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(iv) Overview of the Group's exposure to credit risk (cont'd)

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount S$'000	Loss allowance S$'000	Net carrying amount S$'000
Company						
31 December 2018						
Other receivables	8	Performing	12-month ECL	73,548	–	73,548
					–	
31 December 2017						
Other receivables	8	Performing	12-month ECL	51,241	–	51,241
					–	

(i) For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 7 include further details on the loss allowance for trade receivables.

The carrying amount of the Group's financial assets at FVTPL as disclosed in Note 9 best represents their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.

(iv) Credit risk management

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a mean of mitigating the risk of financial loss from defaults. The Group uses publicly available financial information and its own trading records to rate its major customers to assess the credit ratings of its counterparties. The Group's exposure and the credit ratings of its counterparties are monitored continously and the aggregate value of transactions concluded is spread amongst approved counterparties.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(iv) Credit risk management (cont'd)

Credit approvals and other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any counterparty did not exceed 5% of gross monetary assets at any time during the financial year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(v) Liquidity risk management

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

All financial assets and liabilities as at 31 December 2018 and 2017 and 1 January 2017, except for the fixed deposits as disclosed in Note 6 and the quoted debt security as disclosed in Note 9, are interest-free and are repayable on demand or due within 1 year from the end of the reporting period.

(vi) Fair value of financial assets and financial liabilities

Some of the Group's financial assets and financial liabilities are measured at fair value as at each reporting date.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at (S$'000)								
	Group			Company					
Financial assets/ financial liabilities	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	Fair value hierarchy	Valuation technique(s) and input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Financial assets mandatorily measured at fair value through profit or loss (see Note 9)									
1) Quoted equity securities	16,078	5,546	598	16,050	5,512	Level 1	Quoted bid prices in an active market.	n.a.	n.a.
Financial assets designated at fair value through profit or loss (see Note 9)									
2) Unquoted equity securities	7,197	–	–	6,697	–	Level 3	Market approach to determine the total equity value; Hybrid method combining option-pricing model and probability-weighted expected return method in consideration of various scenarios	Implied volatility of unquoted equity securities and asset volatilities of comparable companies based on historical daily stock price returns was determined to be 75%, with a 20% Initial Public Offering (IPO) probability.	The higher the volatility and the higher the probability of IPO, the higher the fair value. (Note A)
Others – deferred considerations in business combinations (see Note 30)									
3) Deferred considerations	13,421	–	–	–	–	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the deferred consideration.	Estimated discount rate of 2.81% to 3.1% per annum determined using risk free rates of China.	A slight increase in the discount rate used in isolation would result in a significant decrease in the fair value. (Note B)

Note A: An increase/decrease in volatility by 5%, and an increase/decrease in IPO probability by 10%, while holding all other variables constant would not result in significant changes in fair value.

Note B: A 5% increase/decrease in the discount rate used while holding all other variables constant would not result in significant changes in fair value.

The carrying amounts of cash and cash equivalents, trade and other receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. There were no significant transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy in the period.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

Except as detailed below, management considers that the carrying amounts of financial assets recorded at amortised cost in the financial statements approximate their fair values:

	Group						Company			
	31 December 2018		31 December 2017		1 January 2017		31 December 2018		31 December 2017	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Financial assets										
Amortised cost:										
Quoted debt security	5,000	5,018	–	–	–	–	5,000	5,018	–	–

(c) Capital management policies and objectives

The Group reviews its capital structure annually to ensure that the Group will be able to continue as a going concern. The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings. The Group's overall strategy remains unchanged from prior year.

5 HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The immediate and ultimate holding companies of the Company are SIMCO Ltd, incorporated in the British Virgin Islands and SIMCO Global Ltd, incorporated in the Bahamas respectively. Related companies in these financial statements refer to members of the holding company's group of companies.

Some of the Group's and Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand.

There are no significant related party transactions during the financial year.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2018	2017
	S$'000	S$'000
Short-term benefits	7,018	6,725
Post-retirement benefits	153	165
Share-based payments	63	31
	7,234	6,921

6 CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group			Company	
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000	31 December 2018 S$'000	31 December 2017 S$'000
Cash and bank balances	93,594	87,867	90,615	5,037	5,790
Fixed deposits	187,039	196,578	10,855	131,200	174,462
Restricted cash	1,177	4,645	4,622	–	–
Cash and cash equivalents per consolidated statements of cash flows	281,810	289,090	106,092	136,237	180,252
Pledged deposits	841	727	140	–	–

Fixed deposits bore interest at rates ranging from 0.08% to 4.2% (2017 and 2016: 0.08% to 3.0%) per annum and for a tenure of 1 month to 36 months (2017 : 1 week to 36 months, 2016: 1 to 36 months).

Restricted cash relates to deposit placed by customers and can only be utilised for specified payment.

Pledged deposits act as a security for bank guarantees issued in the normal course of business.

7 TRADE RECEIVABLES

	Group			Company	
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000	31 December 2018 S$'000	31 December 2017 S$'000
Outside parties	82,708	74,610	65,914	–	–
Less: Allowance for doubtful receivables	(1,442)	(54)	(66)	–	–
	81,266	74,556	65,848	–	–

The average credit period for the rendering of services is 7 to 60 days (2017 and 2016: 7 to 60 days). No interest is charged on overdue trade receivables.

Loss allowance for trade receivables has always been measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix. The expected credit loss rate is approximately 0% for trade receivables outstanding for less than 90 days and for trade receivables past due for more than 90 days, the Group has recognised a loss allowance of 100%, except for the adjustment to factors that are specific to the debtors, because historical experience has indicated that these receivables are generally not recoverable. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

7 TRADE RECEIVABLES (CONT'D)

31 December 2018	Not past due S$'000	< 30 days S$'000	31 to 60 days S$'000	61 to 90 days S$'000	> 90 days S$'000	Total S$'000
	Group Trade receivables – days past due					
Estimated total gross carrying amount at default	44,081	25,191	8,328	3,524	1,584	82,708
Lifetime ECL	–	–	(156)	(186)	(1,100)	(1,442)
						81,266

31 December 2017	Not past due S$'000	< 30 days S$'000	31 to 60 days S$'000	61 to 90 days S$'000	> 90 days S$'000	Total S$'000
	Group Trade receivables – days past due					
Estimated total gross carrying amount at default	40,901	23,153	7,946	2,590	20	74,610
Lifetime ECL	–	–	–	(34)	(20)	(54)
						74,556

1 January 2017	Not past due S$'000	< 30 days S$'000	31 to 60 days S$'000	61 to 90 days S$'000	> 90 days S$'000	Total S$'000
	Group Trade receivables – days past due					
Estimated total gross carrying amount at default	37,778	19,663	6,300	1,678	495	65,914
Lifetime ECL	–	–	–	–	(66)	(66)
						65,848

The table below shows the movement in lifetime ECL – credit impaired that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

	Group S$'000
Balance as at 1 January 2017	66
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	88
Amounts written off	(100)
Balance as at 31 December 2017	54
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	1,544
Amounts written off	(156)
Balance as at 31 December 2018	1,442

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group			Company	
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000	31 December 2018 S$'000	31 December 2017 S$'000
Deposits	2,786	2,675	2,697	–	–
Prepayments	1,136	928	999	16	17
Dividends due from subsidiaries	–	–	–	28,600	23,994
Other receivables due from subsidiaries	–	–	–	43,809	27,112
Interest receivable	1,260	182	1	1,139	128
Accrued revenue	447	39	9	–	–
Others	267	168	479	–	7
	5,896	3,992	4,185	73,564	51,258

The amount due from subsidiaries are unsecured, interest-free and repayable on demand.

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL. In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

9 OTHER FINANCIAL ASSETS

	Group			Company	
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000	31 December 2018 S$'000	31 December 2017 S$'000
Financial assets mandatorily measured at FVTPL:					
Held-for-trading non-derivative financial assets					
– quoted equity securities (current)	16,078	5,546	598	16,050	5,512
Financial assets designated at FVTPL:					
Held-for-trading non-derivative financial assets					
– unquoted equity securities (non-current)	7,197	–	–	6,697	–
Financial assets measured at amortised cost					
– quoted debt security (non-current)	5,000	–	–	5,000	–
	12,197	–	–	11,697	–

<u>Financial assets mandatorily measured at FVTPL</u>

The investments above include investments in quoted equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on the quoted closing market prices on the last market day of the financial year.

9 OTHER FINANCIAL ASSETS (CONT'D)

Financial assets designated at FVTPL

Unquoted equity investments comprise venture capital investments in 2 entities (2017: NIL) which represent less than 20% shareholdings in each entities. These investments are measured at fair value through profit or loss in accordance with SFRS(I) 9 *Financial Instruments*, as they represent an identified portfolio of investments which the Group manages together with an intention of profit taking when the opportunity arises.

Changes in the fair value of financial assets mandatorily measured at fair value through profit or loss, amounting to loss of $4,783,000 (2017: gain of $1,039,000) and changes in the fair value of financial assets designated at fair value through profit or loss, amounting to gain of $898,000 (2017: NIL) have been included in profit or loss for the year as part of "other income".

Financial assets measured at amortised cost

As at 31 December 2018, the quoted debt security have nominal values amounting to $5 million (31 December 2017 and 1 January 2017: NIL), with coupon rates of 4% (31 December 2017 and 1 January 2017: NIL) per annum and mature within 3 years.

For purpose of impairment assessment, the investment in debt security is considered to have low credit risk. Management considers 'low credit risk' to be when the issuer have a low risk of default and the capacity to meet its contractual cash flow obligations in the near term. Accordingly, for the purpose of impairment assessment for these debts instruments, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the ECL, management has taken into account the historical default experience, the financial position of the counterparty, as well as the future prospects of the industry in which the issuer of the debt instrument obtained from economic expert reports, financial analyst reports and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

Impairment gain or loss on financial instruments measured at amortised cost is recognised in profit or loss, with a corresponding adjustment to their carrying amount through the loss allowance account. There is no loss allowance recognised based on management's assessment.

10 PLANT AND EQUIPMENT

Group	Furniture and fittings S$'000	Office equipment S$'000	Renovation S$'000	Computers S$'000	Total S$'000
Cost:					
At 1 January 2017	662	840	8,207	4,008	13,717
Additions	8	54	387	357	806
Exchange realignment	(9)	(7)	(97)	(40)	(153)
Disposals	(3)	(22)	(315)	(228)	(568)
At 31 December 2017	658	865	8,182	4,097	13,802
Acquired on acquisition of subsidiaries	12	–	21	2	35
Additions	64	83	1,039	433	1,619
Exchange realignment	–	1	12	9	22
Disposals	(100)	(199)	(856)	(267)	(1,422)
At 31 December 2018	634	750	8,398	4,274	14,056
Accumulated depreciation:					
At 1 January 2017	(633)	(789)	(7,805)	(3,765)	(12,992)
Depreciation for the year	(22)	(41)	(291)	(367)	(721)
Exchange realignment	8	5	85	37	135
Eliminated on disposals	3	22	315	228	568
At 31 December 2017	(644)	(803)	(7,696)	(3,867)	(13,010)
Depreciation for the year	(23)	(59)	(462)	(345)	(889)
Exchange realignment	(2)	(1)	(16)	(1)	(20)
Eliminated on disposals	100	199	856	267	1,422
At 31 December 2018	(569)	(664)	(7,318)	(3,946)	(12,497)
Carrying amount:					
At 1 January 2017	29	51	402	243	725
At 31 December 2017	14	62	486	230	792
At 31 December 2018	65	86	1,080	328	1,559

11 OTHER INTANGIBLE ASSETS

Group	Computer software S$'000	Franchise license S$'000	Database S$'000	Total S$'000
Cost:				
At 1 January 2017	1,477	75	–	1,552
Additions	93	–	–	93
Exchange realignment	–	2	–	2
Written off	–	(77)	–	(77)
At 31 December 2017	1,570	–	–	1,570
Acquired on acquisition of a subsidiary (Note 30)	–	–	2,223	2,223
Additions	109	–	–	109
At 31 December 2018	1,679	–	2,223	3,902
Accumulated amortisation:				
At 1 January 2017	(1,258)	(64)	–	(1,322)
Amortisation for the year	(90)	(11)	–	(101)
Exchange realignment	–	(2)	–	(2)
Written off	–	77	–	77
At 31 December 2017	(1,348)	–	–	(1,348)
Amortisation for the year	(93)	–	–	(93)
At 31 December 2018	(1,441)	–	–	(1,441)
Carrying amount:				
At 1 January 2017	219	11	–	230
At 31 December 2017	222	–	–	222
At 31 December 2018	238	–	2,223	2,461

The initial accounting of the intangible assets relating to database arising from a business combination of $2.2 million has only been provisionally determined, as disclosed in Note 30.

12 GOODWILL

	Group S$'000
Cost representing carrying amount:	
At 1 January 2017 and 31 December 2017	–
Arising from acquisition of subsidiaries (Note 30)	12,298
At 31 December 2018	12,298

Goodwill acquired in business combinations are allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from the business combinations. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	Group		
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000
Professional recruitment – a single CGU in People's Republic of China	11,796	–	–
Others*	502	–	–
	12,298	–	–

* Others comprises goodwill relating to CGUs which are individually not significant.

12 GOODWILL (CONT'D)

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The initial accounting of the goodwill arising from business combinations of $11.8 million has only been provisionally determined, as disclosed in Note 30. For the year ended 31 December 2018, the Group did not test goodwill for impairment as the allocation of provisional goodwill has not been finalised and there were no indications of impairment.

13 SUBSIDIARIES

	Company	
	31 December 2018 S$'000	31 December 2017 S$'000
Unquoted equity shares, at cost	48,427	48,427

Details of the Company's significant subsidiaries at 31 December 2018 are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held	
			31 December 2018 %	31 December 2017 %
HRnet One Pte Ltd ("HRS") [1]	Singapore	Personnel recruitment and provision of human resources related services	100	100
Recruit Express Pte Ltd ("RES") [1]	Singapore	Personnel recruitment and provision of human resources related services	100	100

(1) Audited by Deloitte & Touche LLP, Singapore.

The following schedule shows the effects of changes in the Group's ownership interest in subsidiaries that did not result in change on control, on the equity attributable to owners of the Company:

	31 December 2018 S$'000	31 December 2017 S$'000
Consideration received (paid) for changes in ownership interest in Subsidiaries	91	(31,155)
Non-controlling interests (disposed) acquired in connection to 88GLOW Plan	(111)	9,153
Adjustment	–	(56)
Difference recognised in equity reserves (Note 18)	(20)	(22,058)

13 SUBSIDIARIES (CONT'D)

Information about the composition of the Group at the end of the financial year is as follows:

Principal activities	Place of incorporation and operation	Number of subsidiaries 31 December 2018	Number of subsidiaries 31 December 2017
Personnel recruitment and provision of human resource related services	Singapore, Japan, South Korea, People's Republic of China, Indonesia	12	9
Employment, recruitment and personnel placement agency	Singapore	4	4
Head office of enterprises operating abroad as employment, recruitment and personnel placement agency	Singapore, Taiwan	3	3
Investment holding	Singapore, Hong Kong	3	3
Executive search and personnel placement agency	Hong Kong	2	2
Provision of recruitment agency services	Hong Kong	3	2
Management training consulting and recruitment activities	Malaysia	1	1
Personnel recruitment agency	Malaysia	1	1
Provision of permanent recruitment services	Malaysia	1	1
Provision of temporary and contracted staffing services	Malaysia	2	1
Investment holding and management consultancy	Thailand	1	1
Executive and management recruitment	Thailand	1	1
Dormant	Singapore, Hong Kong, Taiwan, Malaysia, Australia	9	9
		43	38

88GLOW Plan

The Company implemented the 88GLOW Plan whereby selected employees who were minority shareholders were given the opportunity to continue to own shares or interests in certain operating subsidiaries or branches, together with an opportunity to swap their illiquid stakes in the operating subsidiaries or branches for shares of the Company based on the relative valuations of the operating subsidiaries or branches at the relevant time of the swap. Such minority interests had been originally acquired as personal investments by these employees.

In this regard, the Company entered into separate acquisition agreements ("88GLOW Co-Owners' Letter") with a total of 22 minority interest holders ("88GLOW Co-Owners"), pursuant to which it effected an initial swap of certain minority interests by acquiring such minority interests in 20 subsidiaries held by 88GLOW Co-Owners. The 88GLOW Co-Owners' Letter also set out the framework pursuant to which the 88GLOW Co-Owners may offer their minority interests (to the extent such interest are not acquired pursuant to the Initial Acquisition) for acquisition by the Company in the future.

13 SUBSIDIARIES (CONT'D)

In the initial phase of the acquisition ("Initial Acquisition") that took place subsequent to the listing on 16 June 2017, the minority interests held by the 88GLOW Co-Owners who were Non-Operators ("NOPs") (i.e. persons who were not involved in the day-to-day operations of the relevant subsidiaries or branches) were acquired entirely, while only 20% of the minority interests held by the 88GLOW Co-Owners who were Operators ("OPs") (i.e. persons who were involved in the day-to-day operations of the relevant subsidiaries or branches) were acquired, with the exception of two OPs who did not participate in the Initial Acquisition but who would provide a right of first refusal over 100% of their minority interests. The remaining 80% of the minority interests held by the OPs who participated in the Initial Acquisition were subjected to a similar right of first refusal. The right of first refusal gives the Company the right of first refusal over the remaining minority interests held by the participating OPs that were not acquired under the Initial Acquisition and the OPs may at its discretion offer the balance shares to the Company at cumulative blocks stipulated in the 88GLOW Co-Owners' Letter.

The issue of the shares in consideration thereof took place upon the successful transfer of the relevant minority interests to the Group. The consideration was calculated based on a formulae detailed in the 88GLOW Co-Owners' Letter and it was satisfied through the issue of shares of the Company at the offer price at listing of $0.90.

14 DEFERRED TAX ASSETS (LIABILITIES)

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

		Group	
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000
Deferred tax assets	905	542	441
Deferred tax liabilities	(581)	–	(9)
	324	542	432

The following are the major deferred tax assets and liabilities recognised by the Group, and the movements thereon, during the financial year:

Group	Accelerated tax depreciation S$'000	Provisions and other temporary differences S$'000	Total S$'000
At 1 January 2017	409	23	432
Exchange realignment	(2)	(5)	(7)
(Charge) Credit to profit or loss for the year (Note 23)	(373)	490	117
At 31 December 2017	34	508	542
Exchange realignment	1	(3)	(2)
Acquired on acquisition of a subsidiary (Note 30)	–	(556)	(556)
(Charge) Credit to profit or loss for the year (Note 23)	(39)	379	340
At 31 December 2018	(4)	328	324

15 TRADE PAYABLES

The trade payables mainly consist of Goods & Services Tax, Value-Added Tax and Consumption Tax payable to respective local tax authority.

16 OTHER PAYABLES AND ACCRUALS

	Group			Company	
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000	31 December 2018 S$'000	31 December 2017 S$'000
Accrued operating expenses	36,218	33,251	39,031	235	205
Deposits from customers	1,120	4,645	4,622	–	–
Advanced billings	280	730	837	–	–
Due to non-controlling shareholder	377	–	–	–	–
Dividends payable	1,301	1,157	18,608	–	194
	39,296	39,783	63,098	235	399

The amount due to non-controlling shareholder is unsecured, interest-free and repayable on demand.

17 SHARE CAPITAL AND TREASURY SHARES

Share capital

	Group			
	Number of shares		Issued and paid up	
	2018 '000	2017 '000	2018 S$'000	2017 S$'000
Issued and paid up:				
At 1 January	1,011,407	767,735	260,605	48,524
Issuance of shares	–	243,672	–	217,539
IPO expenses taken to equity	–	–	–	(5,458)*
At 31 December	1,011,407	1,011,407	260,605	260,605

	Company	
	Number of shares '000	Issued and paid up S$'000
Issued and paid up:		
At 21 September 2016 (date of incorporation)	#	#
Issuance of shares	1,011,407	266,063
IPO expenses taken to equity	–	(5,458)*
At 31 December 2017 and 2018	1,011,407	260,605

* Included an amount of audit fee paid to auditors of the Company of $99,000.
\# Represents 3 shares with issued and paid-up capital of $3.

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

17 SHARE CAPITAL AND TREASURY SHARES (CONT'D)

Treasury shares

	Group and Company			
	Number of treasury shares		Amount	
	2018 '000	2017 '000	2018 S$'000	2017 S$'000
At 1 January	–	–	–	–
Treasury shares purchased	7,627	–	6,633	–
Treasury shares re-issued pursuant to 123GROW Plan (Note 19)	(2,040)	–	(1,730)	–
At 31 December	5,587	–	4,903	–

The Company acquired 7,626,900 of its issued shares through purchases on the SGX-ST during the financial year. The total amount paid to acquire the shares was $6.6 million and this was presented as a component within shareholders' equity. The Company re-issued 2,039,600 treasury shares during the financial year pursuant to the 123GROW Plan (Note 19). The Company intends to re-issue these shares to the participants of 123GROW Plan when the Bonus Shares vest (Note 19).

18 EQUITY RESERVE

Equity reserves represent the following:

(i) difference between purchase consideration and net assets transferred for business combination involving entities under common control; and

(ii) difference between consideration for changes in ownership interest in subsidiaries and non-controlling interest acquired or disposed.

19 SHARE-BASED PAYMENTS

123GROW Plan

The Company has adopted a share plan known as the "123GROW Plan" which consists of three distinct components namely (a) Opp 1 Plan; (b) Opp 2 Plan; and (c) HRnet GROW Plan. Opp 1 Plan and Opp 2 Plan are one-off schemes which commence prior to the Company listing on SGX-ST while HRnet GROW Plan is the employee share incentive plan which commences after the listing. They have been approved by the shareholders of the Company on 24 May 2017.

Opp 1 Plan and Opp 2 Plan

Opp 1 Plan is a scheme to utilise the accumulated Loyalty Fund Credits from the Loyalty Fund Scheme. The Loyalty Fund Scheme is a loyalty incentive scheme for employees set up by the Group from 2000 to 2015 which was essentially a cash bonus entitlement ("Loyalty Fund Credits") given to eligible employees. Employees who participated in this plan would have subscribed for Investment Shares (i.e. shares issued in consideration for cash pursuant to the Opp 1 Plan) that are satisfied in cash at the share price on the date of listing and Loyalty Shares (i.e. shares issued in consideration for Loyalty Fund Credits pursuant to the Opp 1 Plan) equivalent to the number of Investment Shares subscribed, satisfied by utilising the employee's Loyalty Fund Credits. In conjunction with this, the Company granted share awards ("Bonus Shares") equivalent to the number of Investment Shares. Bonus shares are allotted and issued to them in 3 equal tranches over a period of 3 years.

19 SHARE-BASED PAYMENTS (CONT'D)

There are vesting conditions to be met every year. The vesting conditions comprise being a productive headcount ("PHC") which is to achieve gross profit of 3 times their payroll costs for sales employees and 80% of their key performance indicators for non-sales employees set for the relevant financial year and remaining in employment. The entitlement for the allotment and issue of the Bonus Shares in each year is not cumulative towards the following year if the condition is not met in that year.

Opp 2 Plan is a scheme catered for certain employees who were not entitled to participate in Opp 1 Plan. Eligible employees who participated in this plan would have subscribed for Investment Shares (i.e. shares issued in consideration for cash pursuant to the Opp 2 Plan) and Buy-in Shares (i.e. shares issued in consideration for cash pursuant to the Opp 2 Plan) equivalent to the number of Investment Shares subscribed, satisfied by cash. The Company then granted Bonus Shares equivalent in number to 50% of the aggregate of the Investment Shares and Buy-in Shares, and it will be allotted and issued to the employee in 3 equal tranches over a period of 3 years. The Bonus Shares under the Opp 2 Plan is subjected to the same vesting conditions as Bonus Shares under the Opp 1 Plan.

Details of the Bonus Shares under the Opp 1 Plan and Opp 2 Plan are as follows:

	Group and Company		
	2018 Number of share awards	2017 Number of share awards	Fair value at grant date (S$)
At 1 January	6,419,700	–	
Granted during the year	–	6,843,700	0.90
Vested during the year	(2,039,600)	–	
Forfeited during the year	(492,800)	(424,000)	
At 31 December	3,887,300	6,419,700	

The fair value at grant date is determined based on the share price on the date of listing.

The Group and the Company recognised total expenses of $2,430,000 (2017: $1,437,000) related to share-based payment transactions during the year.

HRnet GROW Plan

HRnet GROW Plan is an award following the listing and it shall be given to employees at the absolute discretion of the GROW Committee. As at 31 December 2018, no shares have been awarded under this Plan.

20 TRANSLATION RESERVE

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Singapore dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of translation reserve.

21 REVENUE

The Group derives its revenue from the transfer of services over time and at a point in time for flexible staffing and professional recruitment services respectively. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (see Note 29). A disaggregation of the Group's revenue for the year has been disclosed in Note 29.

22 OTHER INCOME

	Group	
	2018	2017
	S$'000	S$'000
Interest income	3,458	1,564
Dividend income	328	–
Gain on disposal of financial assets mandatorily measured at FVTPL	1,040	30
Net fair value (loss) gain on financial assets mandatorily measured at FVTPL	(4,783)	1,039
Fair value gain on financial assets designated at FVTPL	898	–
Government grants/subsidies and rebates	5,810	6,273
Others	36	79
	6,787	8,985

23 INCOME TAX EXPENSE

	Group	
	2018	2017
	S$'000	S$'000
Current tax	12,806	10,267
Overprovision of current tax in prior year	(563)	(313)
Deferred tax	(340)	(117)
Withholding tax	842	630
	12,745	10,467

Domestic income tax is calculated at 17% (2017 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	Group	
	2018	2017
	S$'000	S$'000
Profit before income tax	65,167	56,914
Income tax expense at statutory tax rate	11,078	9,675
Non-deductible items	761	506
Tax rate differentials between Singapore and foreign countries	1,389	347
Overprovision of tax in prior year	(563)	(313)
Effect of tax exemption and rebate	(522)	(304)
Withholding tax	842	630
Others	(240)	(74)
	12,745	10,467

24 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Group	
	2018 S$'000	2017 S$'000
Defined contribution plans [1]	39,894	38,315
Allowance for doubtful receivables	1,544	88
Depreciation of plant and equipment	889	721
Amortisation of intangible assets	93	101
Audit fees:		
– auditors of the Company	301	392
– other auditors	21	21
Non-audit fees:		
– auditors of the Company	114	112
– other auditors	12	53

(1) Sub-contractor expenses consist of payroll cost of flexible staffing and other direct cost incurred for rendering of services. The defined contribution plan of contractor employees have been included in this disclosure.

25 EARNINGS PER SHARE

The calculation of the earnings per share attributable to the owners of the Company is based on the following data:

	Group	
	2018 S$'000	2017 S$'000
Profit attributable to owners of the Company	48,178	41,332

	Group Number of shares	
	2018 '000	2017 '000
Weighted average number of ordinary shares used to compute basic earnings per share	1,009,124	899,785[1]
Adjustment for potential dilutive ordinary shares	3,887	6,420
Weighted average number of ordinary shares used to compute diluted earnings per share	1,013,011	906,205
Basic earnings per share (cents)	4.77	4.59
Diluted earnings per share (cents)	4.76	4.56

(1) The weighted average number of ordinary shares of the Group for the year ended 31 December 2017 is based on the number of shares issued after the Restructuring Exercise and the weighted average number of new shares issued pursuant to the IPO.

26 DIVIDENDS

During 2017, in connection with the financial year ended 31 December 2016, the Company declared interim dividends of approximately $3.8 million ($0.005 per share) which were paid to its registered shareholders, except for Vanda 1.

On 27 April 2018, in connection with the financial year ended 31 December 2017, the Company declared a final one-tier tax exempt ordinary dividend of approximately $23.3 million ($0.023 per share) which were paid on 17 May 2018 to its registered shareholders.

In respect of the current year, the directors propose that a final one-tier tax exempt ordinary dividend of $0.028 per share. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated dividend to be paid is $28.2 million.

27 CONTINGENT LIABILITIES

	Group	
	2018 S$'000	2017 S$'000
Banker's guarantees	841	727

The amount disclosed represents the aggregate amount of the contingent liabilities for the Group. The banker's guarantees is provided as security deposits and earmarked amounts in connection with application for various employment agency licences in Singapore and Taiwan, and various Singapore government service contracts. There are no indirect and contingent indebtedness with respect to third parties.

28 OPERATING LEASE ARRANGEMENTS

Payment recognised as an expense during the year:

	Group	
	2018 S$'000	2017 S$'000
Minimum lease payments under operating leases	8,695	8,509

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2018 S$'000	2017 S$'000
Within one year	7,743	7,507
In the second to fifth year inclusive	6,321	4,373

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of three years (2017 : five years) and rentals are fixed for an average of three years (2017 : three years).

29 SEGMENT INFORMATION

For purposes of resource allocation and assessment of segment performance, the Group's chief operating decision makers have focused on the business operating units which in turn are segregated based on the type of services supplied. This forms the basis of identifying the segments of the Group under SFRS(I) 8 *Operating segments* as follows:

(i) Professional recruitment
(ii) Flexible staffing
(iii) Others

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of other income, other employee benefit expenses, facilities and depreciation expenses, selling expenses and other expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

Information regarding the operations of each reportable segment is included below.

Segment revenue and results

The following is an analysis of the Group's revenue with its timing of revenue recognition and results by reportable segments:

Group	Revenue 2018 S$'000	Revenue 2017 S$'000
Professional recruitment	103,331	86,766
Flexible staffing	322,220	301,934
Others	2,939	3,217
	428,490	391,916

Group	Profit before tax 2018 S$'000	Profit before tax 2017 S$'000
Professional recruitment	102,930	86,487
Flexible staffing	50,086	46,565
Others	2,281	2,950
Gross profit	155,297	136,002
Other income	6,787	8,985
Other employee benefit expenses	(76,861)	(67,351)
Facilities and depreciation expenses	(11,107)	(10,707)
Selling expenses	(5,599)	(3,982)
Other expenses	(3,350)	(6,033)
Profit before income tax	65,167	56,914

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales.

29 SEGMENT INFORMATION (CONT'D)

Geographical segment revenue and results

Group	Revenue 2018 S$'000	Revenue 2017 S$'000
Singapore	315,926	298,244
North Asia*	103,161	84,707
Rest of Asia#	9,403	8,965
	428,490	391,916

Group	Profit before tax 2018 S$'000	Profit before tax 2017 S$'000
Singapore	83,447	79,006
North Asia*	66,005	51,872
Rest of Asia#	5,845	5,124
Gross profit	155,297	136,002
Other income	6,787	8,985
Other employee benefit expenses	(76,861)	(67,351)
Facilities and depreciation expenses	(11,107)	(10,707)
Selling expenses	(5,599)	(3,982)
Other expenses	(3,350)	(6,033)
Profit before income tax	65,167	56,914

Geographical segment assets

Group	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000
Singapore	321,116	315,029	122,709
North Asia*	89,011	56,288	52,287
Rest of Asia#	5,184	4,150	3,263
	415,311	375,467	178,259

* North Asia comprises Hong Kong, Taiwan, People's Republic of China, Japan and South Korea.
# Rest of Asia comprises Malaysia, Thailand and Indonesia.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision makers monitor the tangible, intangible and financial assets attributable to each segment.

Liabilities are not allocated as they are not monitored by the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

Information about major customers

No single customer accounted for more than 10% of the Group's total revenue during the financial year. The top ten customers represents 21% (2017 : 22%) of the Group's total revenue.

30 BUSINESS COMBINATIONS

REForce (Shanghai) Human Resources Management Consulting Co., Ltd ("CGU in China") is an entity incorporated in the People's Republic of China with its principal activity being personnel recruitment and provision of human resource related services. On 1 September 2018, the Group acquired 51% of the issued share capital of the CGU in China.

Consideration transferred (at acquisition date fair values)

This transaction has been accounted for by the acquisition method of accounting with considerations transferred as follows:

	S$'000
Cash	367
Contingent consideration arrangement [(1)]	13,405
	13,772

(1) The contingent consideration arrangement comprises two tranches that will be calculated based on 45% of the applicable Price-to-Earnings (PE) on the profits for the 12 months after the completion date for the first tranche and 45% of the applicable PE on the profits for the subsequent 12 months for the second tranche. Further disclosure on the fair value of deferred consideration has been detailed in Note 4.

Assets acquired and liabilities assumed at the date of acquisition

	S$'000
Current assets	
Cash and cash equivalents	*
Trade receivables	318
Other receivables and prepayments	78
Non-current assets	
Other intangible assets	2,223
Plant and equipment	17
Current liabilities	(104)
Non-current liabilities	
Deferred tax liabilities	(556)
Net assets acquired and liabilities assumed	1,976

* Represents amount less than $1,000

Non-controlling interest

The non-controlling interest (49%) in the CGU in China recognised at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to $1,899,000.

30 BUSINESS COMBINATIONS (CONT'D)

Goodwill arising on acquisition

	S$'000
Consideration transferred	13,772
Add: Non-controlling interest	1,899
Less: Fair value of identifiable net assets acquired	(3,875)
Goodwill arising on acquisition	11,796

The initial accounting for the acquisition of the CGU in China has only been provisionally determined as the acquisition occurred close to the end of the reporting period. At the date of finalisation of these financial statements, the necessary market valuations and other calculations for the items listed below had not been finalised and they have therefore only been provisionally determined based on the management's best estimate of the likely values.

	S$'000
Non-current assets	
Other intangible assets	2,223
Goodwill	11,796
Equity	
Non-controlling interest	1,899

Net cash outflow on acquisition of subsidiaries

	S$'000
Consideration paid in cash	367
Less: Cash and cash equivalent balances acquired	*
Net cash outflow on acquisition of the CGU in China	367

* Represents amount less than $1,000

Impact of acquisitions on the results of the Group

Included in the profit for the year is $478,000 attributable to the additional business generated by the CGU in China. Revenue for the period from the CGU in China amounted $2.56 million.

Other business combinations

During the year, the Group also acquired the business of PT Rimbun Job Agency and Career Personnel Limited, the financial effect of which is individually and collectively immaterial to the Group. As such, no further disclosures have been made in relation to these acquisitions.

31 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK

The Group and the Company adopted the new financial reporting framework – Singapore Financial Reporting Standards (International) ("SFRS(I)") for the first time for financial year ended 31 December 2018 and SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

As a first-time adopter of SFRS(I), the Group and the Company have applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 December 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ended 31 December 2018, an additional opening statement of financial position as at date of transition (1 January 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (1 January 2017) and as at end of last financial period under FRS (31 December 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended 31 December 2017). Additional disclosures are made for specific transition adjustments if applicable.

There is no change to the Group's and the Company's previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those arising from the application of SFRS(I) 9 and SFRS(I) 15 which are effective at the same time, and the election of certain transition option available under SFRS(I) 1. The Group has applied the option to reset the cumulative translation differences for all foreign operations to zero at the date of transition to SFRS(I). The gain or loss on a subsequent disposal of any foreign operation shall exclude the translation differences that arose before 1 January 2017 and shall include later translation differences.

The transition to SFRS(I) and the initial application of SFRS(I) 9 and SFRS(I) 15 have not had a material impact on the financial statements for the year ended 31 December 2017.

Reconciliations of equity and total comprehensive income

The effects of the elected transition option under SFRS(I) 1 are presented and explained below:

Group

(A) Impact on the Statement of Financial Position as at 1 January 2017 (date of transition to SFRS(I))

	As previously reported under FRS S$'000	Application of SFRS(I) 1 S$'000	As adjusted under SFRS(I) S$'000
Capital, reserves and non-controlling interests			
Translation reserve	(2,298)	2,298	–
Retained earnings	63,151	(2,298)	60,853

31 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (CONT'D)

(B) Impact on the Statement of Financial Position as at 31 December 2017 (end of last period reported under FRS)

	As previously reported under FRS S$'000	Application of SFRS(I) 1 S$'000	As adjusted under SFRS(I) S$'000
Capital, reserves and non-controlling interests			
Translation reserve	(2,341)	2,298	(43)
Retained earnings	100,323	(2,298)	98,025

The transition to SFRS(I) and the initial application of SFRS(I) 9 and SFRS(I) 15 have not had a material impact on the (i) Statement of Profit or Loss and Other Comprehensive Income and (ii) Statement of Cash Flows for the year ended 31 December 2017.

32 COMPARATIVE FIGURES

The financial year covers the period from 1 January 2018 to 31 December 2018. The comparative figures of the Company's financial statements cover the financial period since incorporation on 21 September 2016 to 31 December 2017.

33 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective and are expected to have an impact to the Group and the Company in the periods of their initial application.

Effective for annual periods beginning on or after 1 January 2019

- SFRS(I) 16 Leases
- Amendments to SFRS(I) 1-19 Employee Benefits: Plan Amendment, Curtailment or Settlement
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments
- Annual Improvements to SFRS(I)s 2015-2017 Cycle

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

33 STANDARDS ISSUED BUT NOT EFFECTIVE (CONT'D)

SFRS(I) 16 *Leases*

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities are recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

As at 31 December 2018, the Group has non-cancellable operating lease commitments for its office properties of $14 million. FRS 17 does not require the recognition of any right-of use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitment in Note 28. A preliminary assessment indicates that these arrangements will meet the definition of a lease under SFRS(I) 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of SFRS(I) 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements and the directors are currently assessing its potential impact. It is not practicable to provide a reasonable estimate of financial effect until management completes the review.

SHAREHOLDING STATISTICS

As at 14 March 2019

Issued and Paid-Up Capital	:	S$266,062,054.87
Number of shares issued (including Treasury Shares)	:	1,011,406,872
Number and Percentage of Treasury Shares	:	5,587,300 and 0.56%[1]
Number of shares issued (excluding Treasury Shares)	:	1,005,819,572
Number and Percentage of Subsidiary Holdings[2]	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

1 Percentage is calculated based on 1,005,819,572 issued shares, excluding treasury shares.
2 "Subsidiary Holdings" is defined in the Listing Manual of the Singapore Exchange Securities Trading Limited to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50 of Singapore.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	2	0.12	7	0.00
100 - 1,000	248	14.83	226,100	0.02
1,001 - 10,000	888	53.11	4,223,200	0.42
10,001 - 1,000,000	520	31.10	31,595,500	3.14
1,000,001 AND ABOVE	14	0.84	969,774,765	96.42
TOTAL	**1,672**	**100.00**	**1,005,819,572**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	RAFFLES NOMINEES (PTE.) LIMITED	797,813,138	79.32
2	CITIBANK NOMINEES SINGAPORE PTE LTD	60,988,700	6.06
3	DBS NOMINEES (PRIVATE) LIMITED	30,597,909	3.04
4	VANDA 1 INVESTMENTS PTE LTD	17,951,772	1.78
5	HSBC (SINGAPORE) NOMINEES PTE LTD	17,799,981	1.77
6	UOB KAY HIAN PRIVATE LIMITED	11,216,569	1.12
7	BPSS NOMINEES SINGAPORE (PTE.) LTD.	10,383,800	1.03
8	DB NOMINEES (SINGAPORE) PTE LTD	8,326,500	0.83
9	TAY YUH SHIUAN	6,706,000	0.67
10	SIM WEI WEN AVIEL	2,334,500	0.23
11	WAN POH CHENG MADELINE (YIN BAOZHEN MADELINE)	2,027,700	0.20
12	PHILLIP SECURITIES PTE LTD	1,356,200	0.13
13	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,154,196	0.11
14	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,117,800	0.11
15	ONG WAI MENG	1,000,000	0.10
16	OCBC SECURITIES PRIVATE LIMITED	780,200	0.08
17	TAN NIANG SOR	745,200	0.07
18	CHUA MENG HOON	604,100	0.06
19	PAUL JONG MIN HIAN @ PAUL YONG	600,000	0.06
20	HONG LEONG FINANCE NOMINEES PTE LTD	501,800	0.05
	TOTAL	**974,006,065**	**96.82**

SHAREHOLDING STATISTICS

As at 14 March 2019

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 14 March 2019)

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
SIMCO Ltd	753,025,600	74.867	–	–
SIMCO Global Ltd.[(1)]	–	–	753,025,600	74.867
Credit Suisse Trust Limited[(1)]	–	–	753,025,600	74.867
Sim Yong Siang[(2)]	–	–	753,025,600	74.867
Sim Joo Siang[(2)]	–	–	753,025,600	74.867
Sim Wei Ling, Adeline Mrs Tan Wei Ling, Adeline[(2)]	350,800	0.035	753,025,600	74.867
Sim Wei Wen, Aviel[(2)]	2,334,500	0.232	753,025,600	74.867
Sim Wei Rong Joshua[(2)]	–	–	753,025,600	74.867
Nelly Sim Nee Tan Kheng Eng[(2)]	–	–	753,025,600	74.867
Tan Eei Choo[(2)]	–	–	753,025,600	74.867

Notes:

1. SIMCO Global Ltd has a deemed interest by virtue of Section 4(5) of the Securities and Futures Act (Cap. 289) arising from the listing of the shares of HRnetGroup Limited on 16 June 2017. Credit Suisse Trust Limited's deemed interest in HRnetGroup Limited, in its capacity as trustee of the SIMCO Trust, arises by virtue of it having a 100% indirect holding in SIMCO Global Ltd. (via Seletar Limited and Serangoon Limited as nominees), which has a 100% shareholding in SIMCO Ltd, which in turn has a direct and deemed interest in 753,025,600 shares of HRnetGroup Limited.

2. Sim Yong Siang ("Peter Sim"), Sim Joo Siang ("JS Sim"), Sim Wei Ling (Mrs Tan Wei Ling, Adeline) ("Adeline Sim"), Sim Wei Wen, Aviel ("Aviel Sim"), Sim Wei Rong Joshua, Nelly Sim Wee Tan Kheng Eng ("Nelly Sim") and Tan Eei Choo are deemed to have an interest in the shares of HRnetGroup Limited arising from the shares held by SIMCO Ltd in HRnetGroup Limited. The shares of SIMCO Ltd are wholly-owned by SIMCO Global Ltd. The shares of SIMCO Global Ltd are held as property of the SIMCO Trust.

   SIMCO Trust is a revocable trust and was established by Peter Sim, Nelly Sim and JS Sim. Credit Suisse Trust Limited acts as trustee of the SIMCO Trust and indirectly holds all the shares in SIMCO Global Ltd. (via Seletar Limited and Serangoon Limited as nominees). The settlors of the SIMCO Trust are Peter Sim, Nelly Sim, and JS Sim. The settlors have collectively retained the power to instruct the trustee on matters relating to the investments of the assets of the SIMCO Trust, including the shares in SIMCO Ltd. Otherwise, the trustee has all other rights and powers in relation to the property comprised in the SIMCO Trust (which includes the SIMCO Trust fund) as the legal owner of such property, acting in its capacity as trustee of the SIMCO Trust, subject to any powers and restrictions contained in the SIMCO Trust Deed.

   The beneficial owners of the assets comprised in the SIMCO Trust are the discretionary beneficiaries of the SIMCO Trust which comprise Peter Sim, Nelly Sim, JS Sim and Tan Eei Choo and their respective issue and remoter issue (which include the two minor children of Adeline Sim and the two minor children of Aviel Sim. Peter Sim and Nelly Sim are spouses. Peter Sim and JS Sim are siblings. Adeline Sim and Aviel Sim are the children of Peter Sim and Nelly Sim. Sim Wei Rong Joshua is the child of JS Sim and Tan Eei Choo.

3. Percentage is calculated based on 1,005,819,572 issued shares, excluding treasury shares.

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 23.4% of the issued ordinary shares of the Company is held in the hands of the public as at 14 March 2019 and therefore Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of HRnetGroup Limited (the "**Company**") will be held at SGX Auditorium, Level 2, SGX Centre 1, 2 Shenton Way, Singapore 068804 on Friday, 26 April 2019. Breakfast will be served from 9.00 a.m. and meeting will commence at 10.00 a.m. to transact the following businesses:

AS ORDINARY BUSINESS:

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2018 together with the Auditors' Report thereon. **Resolution 1**

2. To declare a final tax exempt (one-tier) dividend of 2.8 Singapore cents per ordinary share for the financial year ended 31 December 2018. **Resolution 2**

3. To approve the payment of Directors' fees of S$230,000 for the financial year ending 31 December 2019, payable quarterly in arrears (2018: S$230,000). **Resolution 3**

4. To re-elect Mr Sim Joo Siang, who retires by rotation pursuant to Article 94 of the Company's Constitution, as a Director of the Company. [*See Explanatory Note (i)*] **Resolution 4**

5. To re-elect Mr Sin Boon Ann, who retires by rotation pursuant to Article 94 of the Company's Constitution, as a Director of the Company. [*See Explanatory Note (ii)*] **Resolution 5**

6. To re-appoint Messrs Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:–

7. Authority to allot and issue shares and convertible securities

"That pursuant to Section 161 of the Companies Act, Cap. 50 (the "**Act**") and the rules, guidelines and measures issued by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

(A) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus, or capitalisation issues,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(B) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force, provided that:

(a) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below), and provided further that where shareholders of the Company are not given the opportunity to participate in the same on a pro rata basis, then the aggregate number of Shares to be issued under such circumstances (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below); and

(b) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, after adjusting for:–

(i) new Shares arising from the conversion or exercise of convertible securities;

(ii) (where applicable) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares,

and, in sub-paragraph (a) above and this sub-paragraph (b), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(d) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." [*See Explanatory Note (iii)*] **Resolution 7**

8. Proposed Renewal of the Share Purchase Mandate

THAT approval and authority be and is hereby given to the Directors of the Company:–

(a) For the purposes of the Companies Act, Chapter 50 of Singapore (the "**Act**"), the exercise by the Directors all the powers of the Company to purchase or otherwise acquire the ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limited (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases (each a **"Market Purchase**") on the SGX-ST; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(ii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked; or

(iii) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate is carried out to the full extent mandated.

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the issued ordinary share capital of the Company as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time and subsidiary holdings (as defined in the Listing Manual of the SGX-ST));

"**Relevant Period**" means the period commencing from the date on which the Annual General Meeting is held and the resolution relating to the Share Purchase Mandate is passed and expiring on the date the next Annual General Meeting is held or is required by law to be held, whichever is the earlier; and

"**Maximum Price**" in relation to a share to be purchased, means an amount (excluding related brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of Market Purchase: 105% of the Average Closing Price;

(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price or Highest Last Dealt Price,

where:

"**Average Closing Price**" means the average of the last dealt prices of a share for the five consecutive market days on which the Shares are transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the rules of the Listing Manual for any corporate action that occurs after the relevant five-day period; and "**day of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution. [*See Explanatory Note (iv)]*

Resolution 8

9. **Authority to allot shares under 123GROW Plan**

THAT approval be and is hereby given to the Directors to offer and grant awards in accordance with the provisions of the Company's 123GROW Plan and to allot and issue or deliver from time to time such number of fully paid-up shares as may be required to be issued pursuant to the vesting of awards under the 123GROW Plan, provided always that the aggregate number of shares to be allotted and issued to the 123GROW Plan when aggregated with the aggregate number of shares over which awards are granted under any other share schemes shall not exceed 15% of the total number of issued shares of the Company from time to time.

The authority conferred by this Resolutions shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [*See Explanatory Note (v)]*

Resolution 9

10. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Sim Yong Siang
Founding Chairman

Singapore, 11 April 2019

Explanatory Notes:

(i) Ordinary Resolution 4 – Sim Joo Siang will, upon re-election as a Director of the Company, remain as a Director of the Company. He is considered an Executive and Non-Independent Director. Detailed information on Sim Joo Siang can be found under the "Board of Directors" and "Corporate Governance Report" sections in the Company's Annual Report.

(ii) Ordinary Resolution 5 – Sin Boon Ann will, upon re-election as a Director of the Company, remain as a Director the Company, Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. He is considered to be independent pursuant to Rule 704(8) of the Listing Rule of SGX-ST. Sin Boon Ann is the Lead Independent Director. There are no relationships including immediate family relations between Sin Boon Ann and the other Directors or its 10% shareholders. Detailed information on Sin Boon Ann can be found under the "Board of Directors" and "Corporate Governance Report" sections in the Company's Annual Report.

(iii) Ordinary Resolution 7, if passed, will authorise and empower the Directors of the Company from the date of the above Meeting until the date of the next Annual General Meeting, to issue further Shares and to make or grant convertible securities convertible into Shares, and to issue Shares in pursuance of such instruments, up to an amount not exceeding in aggregate 50 per cent of the total number of issued Shares excluding treasury shares and subsidiary holdings of which the total number of Shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20 per cent of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company. As at 14 March 2019 (the "**Latest Practicable Date**"), the Company has 5,587,300 treasury shares and no subsidiary holdings.

(iv) Ordinary Resolution 8, if passed, will renew the Share Purchase Mandate and will authorise the Directors to purchase or otherwise acquire Shares on the terms of the Share Purchase Mandate as set out in the Letter to Shareholders dated 11 April 2019 (the "**Letter**").

The Company may use internal resources and/or external borrowings to finance purchases or acquisitions of its Shares pursuant to the Share Purchase Mandate. The amount of financing required for the Company to purchase or acquire its shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of Shares purchased or acquired and the price at which such Shares were purchased or acquired and whether the Shares purchased or acquired are held in treasury or cancelled.

Based on the number of issued and paid-up Shares as at the Latest Practicable Date and disregarding the Shares held in treasury, the purchase or acquisition by the Company of up to the maximum limit of 10% of its issued Shares will result in the purchase or acquisition of 100,581,957 Shares.

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 100,581,957 Shares at the Maximum Price of S$0.83 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five consecutive market days on which the Shares were traded on the Main Board of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 100,581,957 Shares is approximately S$83,483,024.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 100,581,957 Shares at the Maximum Price of S$0.95 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five consecutive market days on which the Shares were traded on the Main Board of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 100,581,957 Shares is approximately S$95,552,859.

The rationale for the authority and the illustrative financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 December 2018 are set out in greater detail in the Letter enclosed together with the Annual Report.

(v) Ordinary Resolution 9, if passed, will empower the Directors of the Company to offer and grant awards, and to allot and issue new shares in the capital of the Company, pursuant to the 123GROW Plan as may be modified by the Remuneration Committee from time to time, provided that the aggregate number of shares to be allotted and issued pursuant to the 123GROW Plan shall not exceed 15% of the total number of issued ordinary shares of the Company from time to time.

Notes:

1. (a) A member (other than a Relevant Intermediary) is entitled to appoint not more than two (2) proxies to attend and vote at the Annual General Meeting. Where such member appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be specified in the form of proxy.

   "**Relevant Intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

2. A proxy need not be a member of the company.

3. A member which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.

4. The instrument appointing a proxy or proxies, duly executed, must be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 not less than seventy-two (72) hours before the time appointed for the holding of the Annual General Meeting of the Company.

5. A Depositor's name must appear in the Depository Register maintained by the Central Depository (Pte) Limited at least seventy-two (72) hours before the time fixed for the holding of the Annual General Meeting or any postponement or adjournment thereof, in order for the Depositor to attend and vote at the Annual General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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HRNETGROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201625854G)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 3 for the definition of ("relevant intermediary").
2. For investors who have used their CPF monies to buy the Company's Shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

ANNUAL GENERAL MEETING

PROXY FORM

I/We ___________________________________ (Name) _________________________________ NRIC/Passport/Co. Reg. No.)

of ____ (Address)

being a member/members of **HRNETGROUP LIMITED** (the "**Company**"), hereby appoint:

Name	**NRIC/ Passport Number**	**Proportion of Shareholding**	
		No. of Shares	**(%)**
Address			

and/or (delete as appropriate)

Name	**NRIC/ Passport Number**	**Proportion of Shareholding**	
		No. of Shares	**(%)**
Address			

or failing him/her, the Chairman of the Annual General Meeting ("AGM") as my/our proxy, to attend and vote for me/us on my/our behalf, by poll, at the AGM of the Company to be held at SGX Auditorium, Level 2, SGX Centre 1, 2 Shenton Way, Singapore 068804 on Friday, 26 April 2019 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for and against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her discretion, as he/they will on any other matter arising at the AGM.

No.	**Resolutions relating to:**	**For**	**Against**
1	Adoption of Directors' Statement, Audited Financial Statements for the financial year ended 31 December 2018 together with the Auditors' Report		
2	Declaration of a final tax exempt (one-tier) dividend of 2.8 Singapore cents per ordinary share		
3	Approval of Directors' fees of S$230,000 for the financial year ending 31 December 2019, payable quarterly in arrears		
4	Re-election of Mr Sim Joo Siang as Director		
5	Re-election of Mr Sin Boon Ann as Director		
6	Re-appointment of Messrs Deloitte & Touche LLP as Auditors and authority to fix their remuneration		
7	Authority to allot and issue shares and convertible securities		
8	Proposed Renewal of the Share Purchase Mandate		
9	Authority to allot shares under 123GROW Plan		

NOTE: If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes "For" or "Against" for each resolution.

Dated this _____________ day of _______________ 2019

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Member(s)/
Common Seal of Corporate Member
IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.

3. Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any member who is a relevant intermediary is entitled to appoint two or more proxies to attend and vote at the Annual General Meeting. Relevant Intermediary is either:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and who holds shares in that capacity; or

   (b) a capital markets service license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

   (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

4. Where a Member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as reprsenting 100% of the shareholding and any second named proxy as an alternate to the first named.

5. The instrument appointing a proxy or proxies, duly executed, must be deposited at the office of the Company's Share Registrar, Boadroom Corproate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 not less than seventy-two (72) hours before the time appointed for the holding of the Annual General Meeting of the Company.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the members, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 April 2019.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Peter Sim
Founding Chairman

Mr JS Sim
Executive Director and
CEO of Recruit Express Group of Companies

Ms Adeline Sim
Executive Director and Chief Legal Officer

Mr Sin Boon Ann
Lead Independent Non-Executive Director

Ms Mae Heng
Independent Non-Executive Director

Mr NS Tan
Independent Non-Executive Director

AUDIT COMMITTEE

Ms Mae Heng (Chairman)
Mr Sin Boon Ann
Mr NS Tan

NOMINATING COMMITTEE

Mr Sin Boon Ann (Chairman)
Ms Mae Heng
Mr NS Tan
Mr Peter Sim

REMUNERATION COMMITTEE

Mr NS Tan (Chairman)
Mr Sin Boon Ann
Ms Mae Heng

REGISTERED OFFICE

391A Orchard Road
Ngee Ann City Tower A #23-06
Singapore 238873
Tel: +65 6730 7860
Email: ir@hrnetgroup.com
Website: www.hrnetgroup.com

COMPANY SECRETARY

Ms Shirley Lim Guat Hua

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623

AUDITOR

Deloitte and Touche LLP
6 Shenton Way
OUE Downtown 2 #33-00
Singapore 068809
Partner-in-charge: Ms Seah Gek Choo
(Appointed on 16 December 2016)


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