

ANNUAL REPORT 2022

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#23-06 Singapore 238873

www.hrnetgroup.com

RecruitFirst has expanded to Kaohsiung.

Our leaders Jacelyn, Miranda and Kung, have all been promoted!

Along with Angela, Ping, Asako and Rubby too! Congratulations!

REForce is now in Chengdu! Come visit us!

Hi, I'm Katherine, meet my fellow new Co-Owners Frances, Kelvin, Mei Chin, Karen, Ping and Miranda.

Hi, I'm Hank.

I'm Chen Yih.

I'm Wallace.

And I'm Albert. We're the latest additions to the Board.

Hi! I'm Zoey! Scan the QR code to find out more about Octomate!

Yay! RecruitFirst Singapore won a 2-year contract with SGH and a 4-year contract with MoE.



13
BRANDS

33
BUSINESS
UNITS

15
ASIAN
CITIES



ONE

HRnetGroup

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OUR BUSINESS MODELS

Talent is the cornerstone of any successful organisation.

Our network of 994 recruiters across 15 cities offer unparalleled expertise and resources in this area. Each bringing to the table exceptional depth of knowledge across talent verticals.

The services we offer allows us to provide organisations with the best tailored solutions for them. Be it Professional Recruitment, Flexible Staffing or Recruitment Process Outsourcing, our clients can rest assured that we prioritise their unique requirements and work collaboratively with them to deliver results.

PROFESSIONAL RECRUITMENT



BRANDS

HRnetOne PeopleSearch PeopleFirst

SEARCHASIA
MANAGING CAREERS. PROCURING TALENT

RECRUITLEGAL
MANAGING LEGAL CAREERS. PROCURING LEGAL TALENT

HRnetRimbun

REFORCE
RECRUITMENT EXPERT FORCE



CITIES

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

OUR BUSINESS MODELS

FLEXIBLE STAFFING



BRANDS



CITIES

SINGAPORE, KUALA LUMPUR, JAKARTA, HONG KONG SAR, TAIPEI, KAOHSIUNG, SHANGHAI



OTHER SERVICES

RECRUITMENT PROCESS OUTSOURCING (RPO)



WORKPLACE ANALYSIS AND PLANNING



CONTRACT NEGOTIATION



RECRUITMENT MARKETING PROGRAMS



EMPLOYEE LIAISON AND MANAGEMENT



CUSTOMISED RECRUITMENT PROCESS AND ASSESSMENT



ONBOARDING AND OFFBOARDING



INTERVIEWS, RECOMMENDATIONS, AND SELECTION

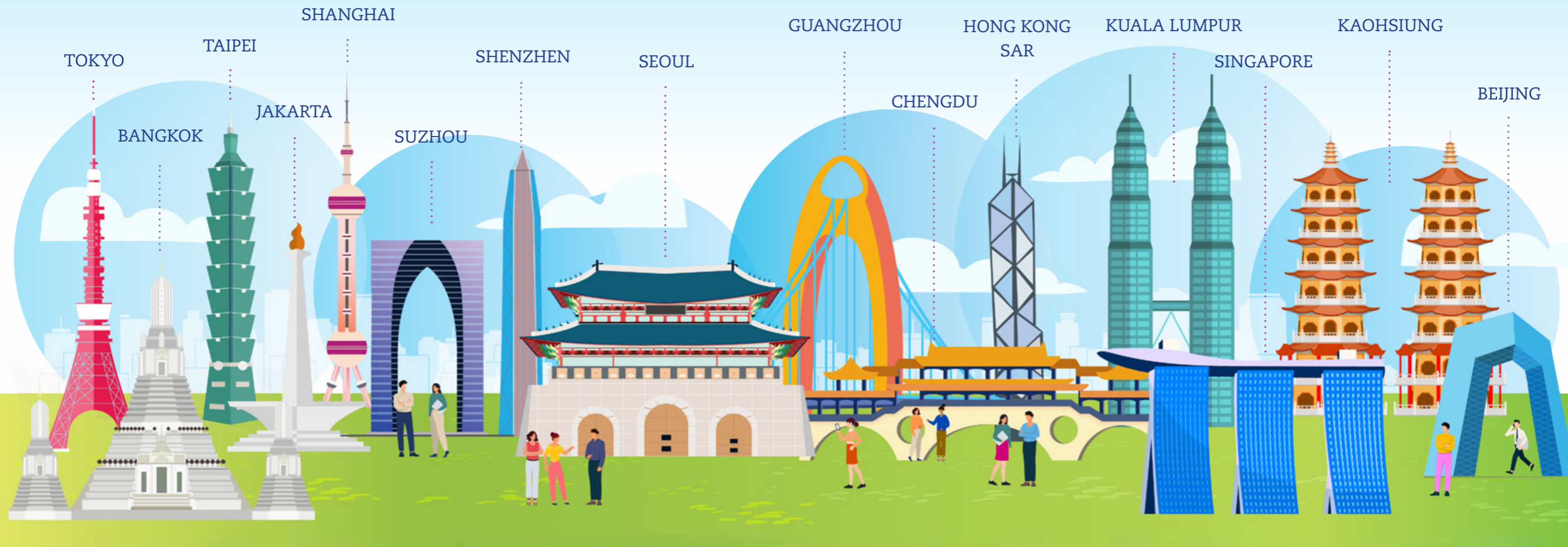


PAYROLL SERVICES



WHERE WE ARE

Our geographical footprint across Asia comes from
30 years of organisation-building

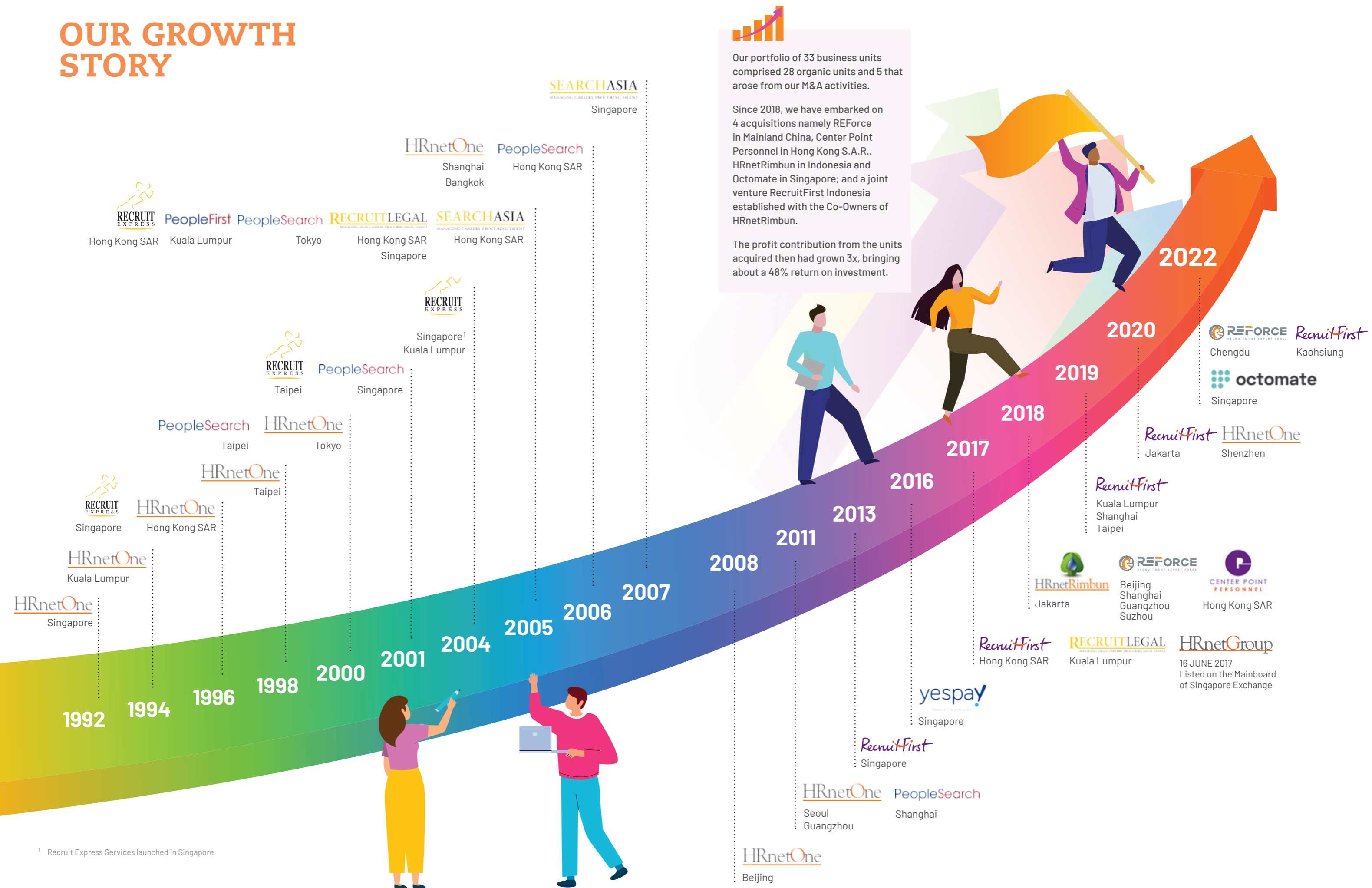


WE ARE CURRENTLY OPERATING IN

15 ASIAN

TALENT MARKETS

OUR GROWTH STORY



Our portfolio of 33 business units comprised 28 organic units and 5 that arose from our M&A activities.

Since 2018, we have embarked on 4 acquisitions namely REForce in Mainland China, Center Point Personnel in Hong Kong S.A.R., HRnetRimbun in Indonesia and Octomate in Singapore; and a joint venture RecruitFirst Indonesia established with the Co-Owners of HRnetRimbun.

The profit contribution from the units acquired then had grown 3x, bringing about a 48% return on investment.

SEARCHASIA
MANAGING CAREERS. PROTECTING TALENT.
Singapore

HRnetOne **PeopleSearch**
Shanghai
Bangkok Hong Kong SAR

RECRUIT EXPRESS **PeopleFirst** **PeopleSearch** **RECRUITLEGAL** **SEARCHASIA**
Hong Kong SAR Kuala Lumpur Tokyo Hong Kong SAR Singapore Hong Kong SAR

RECRUIT EXPRESS
Singapore¹
Kuala Lumpur

RECRUIT EXPRESS **PeopleSearch**
Taipei Singapore

PeopleSearch **HRnetOne**
Taipei Tokyo

RECRUIT EXPRESS **HRnetOne**
Singapore Hong Kong SAR Taipei

HRnetOne
Kuala Lumpur

HRnetOne
Singapore

REFORCE **RecruitFirst**
Chengdu Kaohsiung

octomate
Singapore

RecruitFirst **HRnetOne**
Jakarta Shenzhen

RecruitFirst
Kuala Lumpur
Shanghai
Taipei

HRnetRimbun **REFORCE** **CENTER POINT PERSONNEL**
Jakarta Beijing Shanghai Guangzhou Suzhou Hong Kong SAR

RecruitFirst **RECRUITLEGAL** **HRnetGroup**
Hong Kong SAR Kuala Lumpur
16 JUNE 2017
Listed on the Mainboard of Singapore Exchange

yespay
Singapore

RecruitFirst
Singapore

HRnetOne **PeopleSearch**
Seoul Shanghai
Guangzhou

HRnetOne
Beijing

¹ Recruit Express Services launched in Singapore

BOARD OF DIRECTORS



MEET OUR LEADERS

HEARTS AT THE HELM



PETER SIM
Founding Chairman

Peter Sim founded the company in 1992 and has over 40 years of expertise in social work, human resource management, and talent acquisition. He is an unparalleled authority on identifying the right talent for our organisation through his keen eye for assessing suitability and potential.

Despite having turned 69, Peter continues to work tirelessly. He is constantly engaging with our employees across the 15 cities in which we operate, making video-conferencing a suitable platform for him to connect with our teams. His ability to be present in Seoul, Shanghai, and Jakarta at 9am local time respectively showcases his adaptability. Also, he is not fazed by crises or pandemics. Instead, he focuses on refining our services, improving how we organise ourselves, and delivering more than our clients dream of asking for, which propels us forward.

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 as 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.



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

JS is a living embodiment of the personality traits commonly attributed to those born in the year of the Rooster - diligence, resourcefulness, courage, talent, and confidence. His humble and practical approach to leadership, combined with his intelligence and determination, have been the driving forces behind his success.

JS leads a team of over 300 people across Singapore, Taipei, Hong Kong SAR, and Kuala Lumpur. His unwavering commitment to excellence is reflected in the company's stringent recruitment process, where every candidate who aspires to join Recruit Express Group must undergo an interview with him. Leaders within the company are ecstatic when JS approves a candidate for hire, as his endorsement is considered the gold standard. He also personally conducts sales training for his elite team and tracks their progress through monthly missives to his leaders.

Prior to joining Recruit Express, JS held various roles at notable companies such as Aurora Products Pte Ltd and General Electric Intersil Pte Ltd, where he was the Head of Personnel. Before joining Recruit Express, he served as the Regional Human Resource Director of Motorola Electronics Pte Ltd. JS holds a Bachelor of Science degree from the National University of Singapore and received a Graduate Diploma in Personnel Management from the Singapore Institute of Management in 1984.

BOARD OF DIRECTORS



ADELINE SIM

Executive Director and Chief Corporate Officer

Adeline Sim is the Executive Director and Chief Corporate Officer of our Group. She is responsible for leading strategic and tactical initiatives, and serves as a member of the Investment Committee, which identifies and executes investments and acquisitions. Adeline also oversees the technology, digital marketing, investor relations, and communication functions of the Group. In her role as Chief Legal Officer, Adeline leads a team that provides legal counsel and guidance across the 33 business units in 15 Asian cities.

Adeline's portfolio of responsibilities includes conducting business reviews with our people, driving engagements with our clients and candidates, forging relationships with key investors, and cutting advantageous deals that fuel the Group's continued growth. Her passion for people and life truly fuels her demanding and varied schedule, which sees her traversing different time zones and connecting with stakeholders and targets alike.

Prior to joining our Group on 1 January 2009, Adeline practised as a lawyer with Drew & Napier LLC, where she was engaged in dispute resolution and capital markets work. Adeline graduated with a Bachelor of Laws from the National University of Singapore in 2003, and was admitted to the Singapore Bar in 2004. She is also a Solicitor of the Supreme Court of England and Wales.

Adeline has been appointed by the Minister of Education as Chairman of the Lifelong Learning Institute (LLI) and to the Board of SkillsFuture Singapore, and by the Singapore Business Federation (SBF) as a member of the Jobs and Skills Advisory Committee (JSAC). She is also a member of the Lifelong Learning Endowment Fund (LLEF) Advisory Council and the Finance Committee of Saint Joseph's Institution International.



MAE HENG

Lead Independent Non-Executive Director, Chairman of Audit and Remuneration Committees and Member of Nominating Committee

Mae is a valued member of our boardroom, contributing her extensive knowledge gained from 17 years at Ernst & Young Singapore. Her experience with companies operating in the region gives Mae a broad and rich lens when deliberating on subjects with fellow board members.

In addition to her role in our organisation, Mae serves as an Independent Non-Executive Director for organizations such as Chuan Hup Holdings Limited, Grand Venture Technology Limited, Novo Tellus Alpha Acquisition, Ossia International Limited and Rex International Holding Limited.

Mae holds a Bachelor of Accountancy from the Nanyang Technological University and is a Fellow Chartered Accountant with the Institute of Singapore Chartered Accountants (ISCA) and a member of ASEAN Chartered Professional Accountant (ASEAN CPA).



WALLACE GAO

Independent Director and Member of Remuneration Committee

Wallace is a seasoned industry professional and is widely known for his leadership as the Chairman of Beijing Career International Co., Ltd., the first HR service enterprise listed on China's A-share market.

Wallace brings with him a wealth of experience in rapid innovation and business expansion, alongside laughter and song through his legendary performances at Career International's company parties.

In the boardroom, Wallace has demonstrated his prowess by guiding Career International's ascendancy in the recruitment process outsourcing (RPO) and flexible staffing markets in China. He has also successfully solidified Career International's market leadership through strategic acquisitions in China and the United Kingdom, and by investing in HR technology and industry interconnectivity in line with the company's "HR Service + HR Tech + Platform" business model.

Wallace's impressive portfolio extends beyond Career International. He is also an Independent Director of Inmyshow Digital Technology (Group) Co Ltd. He graduated with a Diploma in Business English from Beijing Foreign Studies University in 1995 and obtained his Executive Master of Business Administration (EMBA) from Peking University in 2005.



HANK SATO

Independent Director and Member of Audit Committee

With over 20 years of experience in leading and scaling up large, listed companies in Japan, Hank brings unmatched expertise to the table. He currently holds the CFO position at Open Up Group Inc, a recruitment company specialising in contract and staffing of engineers, listed on the mainboard of the Tokyo Stock Exchange.

Last year, Hank spearheaded the successful merger of BeNext and Yumeshin, resulting in the integration of businesses and an impressive 100% increase in the market capitalization and size of the business which is now renamed as Open Up Group. His strategic vision and leadership played a critical role in the success of the merger.

Prior to his role at Open Up Group Inc, Hank was the CFO and a board member of Technopro Holdings, where he was instrumental in the success of the company's IPO in 2014. He continued to lead various M&A initiatives and cultivated a strong following of global institutional investors, earning him recognition as "Best CFO elected by Institutional Investors Magazine under the 2019 All-Japan Executive Team Ranking, Professional and consumer category".

Hank is a graduate of Keio University, Japan with a Bachelor of Economics. His expertise and accomplishments in finance and mergers and acquisitions make him a highly respected and sought-after professional in the industry.

BOARD OF DIRECTORS



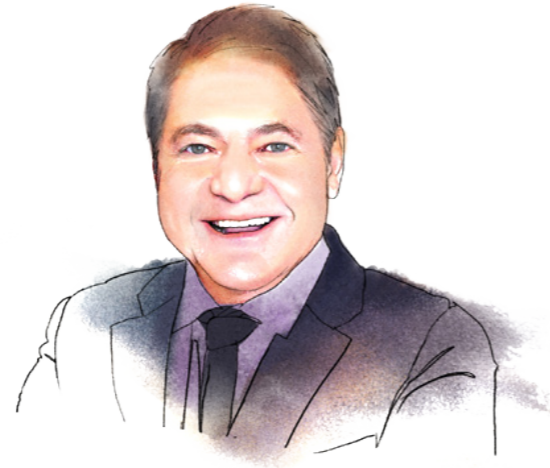
PONG CHEN YIH

Independent Director, Chairman of Nominating Committee and Member of Audit and Remuneration Committees

Chen Yih is a prominent figure in the corporate finance industry, serving as the Chief Operating Officer of Novus Corporate Finance Pte. Ltd. (Novus), a distinguished firm licenced by both SGX-ST and the Monetary Authority of Singapore. Prior to joining Novus, he led the Singapore Capital Markets Group at Baker McKenzie Wong & Leow where he practiced law in capital markets work, compliance, investments and mergers and acquisitions.

With a wealth of experience and knowledge, Chen Yih is also an independent non-executive director of Singapore-listed Grand Venture Technology Limited and Figtree Holdings Limited. He is a sought-after speaker at both local and international conferences and seminars, where he imparts his insights and expertise on topics such as capital raising and Singapore Exchange listing requirements.

Chen Yih is a distinguished alumnus of the National University of Singapore, holding a Bachelor of Laws. His accomplishments and contributions to the industry are widely recognized and respected, making him a leader to watch in the corporate finance world.



ALBERT ELLIS

Independent Director

Albert Ellis has an impressive 30-year track record in the recruitment sector, with a focus on growth strategies, acquisitions and disposals, turnarounds, equity raisings, and bank re-financings. He is currently the CEO of Staffline Group plc, the UK's market leading recruitment and training group listed on the AIM of the London Stock Exchange.

Previously, Albert served as the CEO of global technology recruitment and IT outsourcing business at Harvey Nash Group for 15 years, where he also held the position of CFO. He started his career at Hays plc, the UK's largest recruiter by market capitalization.

In addition to his extensive experience in the recruitment industry, Albert is a qualified Chartered Accountant and holds a Bachelor of Accounting – Business Finance. He is also one of the founding members of Cambridge University's Jesus College Perspective Conferences and has been a Trustee on the Board of Asia House, an independent think tank and advisory service between the regions of Asia and the UK, for many years.

Overall, Albert is an accomplished leader with a proven track record of success in the recruitment industry, and a deep understanding of the finance and accounting aspects of business.

KEY MANAGEMENT



JENNIFER KANG

Group CFO

Jennifer's journey began in 1989 when she joined Coopers & Lybrand as an auditor. She then went on to work with AT&T Singapore, where she was involved in the internal audit work. Subsequently, she assumed the role of Financial Controller and took charge of the IPO of a company onto the Singapore Stock Exchange. Her experience with M&A work at BIL International Limited and corporate planning at Abacus International Pte Ltd have proven to be valuable assets throughout her career.

In 2003, Jennifer joined HRnetGroup as a Regional Finance Director and went on to lead one of our professional recruitment businesses in Malaysia in 2007. Her exceptional work ethics and business acumen led her to co-found HRnetOne Beijing in 2008 and assume the role of CFO of HRnetGroup in 2012.

Jennifer's strong technical background and her ability to deal with ambiguity have helped her achieve success in a variety of projects. Whether it's financial control, treasury work, navigating the HR industry for strategic investment opportunities, or executing deals with business owners for M&A, she is always up for a challenge.

Jennifer holds a Bachelor of Accountancy from the National University of Singapore and a Master of Business in Information Technology from the Royal Melbourne Institute of Technology in Australia.



LORENCZ TAY

Group Business Leader and Managing Director of PeopleSearch Group of Companies

Lorencz Tay is a recruitment industry powerhouse, whose career began with HRnetOne in 1993. With his hard work and dedication, he quickly rose through the ranks, becoming 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, leading a team of consultants across the region, including Singapore, Taipei, Tokyo, Hong Kong SAR and Shanghai.

With more than 2 decades of experience, he has personally hired and trained many of HRnetGroup's top performers and leaders. His energy, passion and determination are contagious, and he inspires those around him to push beyond their limits.

Lorencz graduated with a Bachelor of Arts from the National University of Singapore in 1993, and his dedication to the industry has made him a force to be reckoned with in the recruitment world.

BOARD OF DIRECTORS



DAISY TAN

Chief People Officer (CPO)

Daisy is a true HR mastermind and has been a core member of the HRnetGroup family for three decades. In 1992, she joined our team and quickly became a versatile employee, juggling multiple roles including handling accounts, being a senior regional consultant, and serving as a business services manager.

Since 2012, Daisy has been our Chief People Officer (CPO), and her unique skill set is nothing short of remarkable. She has an uncanny ability to read the energies in a room at a glance and uses her gift to get people to exceed their own expectations. Daisy's focus on building a strong company culture and values is well-known, and it's no coincidence that ethics and beliefs play a significant role in our half-yearly performance appraisals. As a professional services firm, we understand that it is the intangibles that set us apart.

Daisy obtained a Diploma in Human Resource Management from the Singapore Institute of Human Resource Management in 1995, and her extensive experience and passion for people have made her an indispensable part of the HRnetGroup team.



MADELINE WAN

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

Meet Madeline Wan, the unstoppable force behind HRnetOne's successful expansion across Asia. Her career began in 1992 and has since, made a name for herself as one of the most respected and accomplished executives in the region.

Starting as a consultant in 1996, she quickly rose through the ranks and moved to Taipei in 1999 to launch HRnetOne Taipei. Four years later, she took charge of HRnetOne Hong Kong SAR and in 2007, HRnetOne Tokyo also came under her leadership. In the past 16 years, Madeline and her team successfully established HRnetOne's presence in Shanghai, Beijing, Guangzhou, and Shenzhen, and Madeline was the sponsor for the company's first acquisition in China, the REForce team.

Her expertise in market trends, leadership practices, and the needs of candidates and companies is world-class. Her brilliance is matched only by her ability to connect with people on a personal level. What truly sets her apart is her innate ability to connect with clients, candidates, and colleagues on a personal level, speaking directly to their hearts.

Madeline obtained a Diploma in Chemical Process Technology from Singapore Polytechnic in 1992 and has been leaving her mark on the business world ever since. Her unwavering dedication and unparalleled expertise have made her an essential asset to HRnetOne and a true leader in the industry.



JACELYN CHUA

Group Business Leader of RecruitFirst Singapore

Jacelyn is a seasoned professional with more than 24 years of experience in the recruitment industry. Her expertise spans across multiple specialisations and functions, and she has been instrumental in delivering value-driven solutions to many of her key clients and candidates.

In 2013, Jacelyn spearheaded the launch of RecruitFirst Singapore with a team of just 3 hires. She was responsible for overseeing all operations, including business development, project delivery, leadership development, and organisational design. She is also the driving force behind the digital initiatives rolled out by RecruitFirst, which have proven to improve client and candidate workflow and efficiency.

Today, with a growing team of more than 80 people, Jacelyn focuses on coaching her team to ensure that the same high standards of service she provides for her clients and candidates are embraced and emulated. Her

passion and drive are the reasons for RecruitFirst Singapore's success today. She is highly regarded as a visionary leader who constantly blazes new trails that take her team and the organisation to new levels of success.

In addition to her professional accomplishments, Jacelyn is an avid fitness enthusiast. She manages to incorporate more than an hour's worth of intense workout into her morning routine. Along with emails responded to and a bunch of items checked off her to-do list, she somehow gets more done before most people have even had a sip of their morning coffee. Truly the epitome of a Wonder Woman!

Jacelyn graduated with a Diploma in Business Administration from Singapore Polytechnic.

LETTER TO SHAREHOLDERS



What will 2022 be remembered for? The 3rd year of the COVID pandemic, during the course of which many countries stood down restrictive measures. The year when hybrid work became the norm rather than a temporary measure, the unicorns evaporated, crypto crashed and the yen plummeted.

The rough ride led to a clear realization. HRnetGroup ticks all the boxes for an intelligent investor.

1. WE PAY A STRONG AND SECURE DIVIDEND YIELD

Our diversified income streams come in the form of our professional recruitment services where we are the preferred partner for companies in growth sectors, and flexible staffing which is relied upon by companies who prize being nimble and responsive or are navigating through flux.

Talent is the lifeblood of any organization, and we are intimately linked with it, acquiring and managing talent for our clients. No matter where we are in the economic cycle, be it boom or bust, there are strong reasons why clients choose to work with us. In 2022, we brought on stream a third product line - HR management SaaS, via our acquisition of a majority stake in fintech firm Octomate. This product similarly transcends trends and volatility.

WHAT DO THESE DIVERSIFIED INCOME STREAMS MEAN TO YOU? A STRONG AND SECURE DIVIDEND YIELD.

Since listing 5 years ago in 2017, our dividend payments have been progressive, markedly increasing and gaining momentum each year - from 2.3 cents in 2017, 2.8 cents in 2018 to 2.8 cents in 2019, to 2.5 cents in 2020, 4.0 cents in 2021 and 4.0 cents in 2022 on the back of NPAT which has risen from S\$46.4m in 2017 to S\$72.5m today.

2. WE PLAY THE LONG GAME

Results in the second half of 2022 bore the brunt of the resurgence of COVID in China, which severely weakened demand for talent acquisition. The knee jerk reaction would have been to withdraw or even to wait and see before investing further into the market. On the contrary, we turned the situation into an opportunity to build a stronger foundation, opening REForce Chengdu, starting up our new PEO business RecruitFirst Korea, and incubating our new RPO brand RecruitFast. It takes time and trust to build out teams, and we play the long game, investing during the pandemic.

We believe it would be wise to have a stronger network in the largest economy in the world, particularly in light of the global context where labour markets have become strongly localised and the borders between labour markets have solidified. Having a network of robust in-country teams allows us to play to our strengths, and deliver what our clients want.

We are patient capital builders in the talent acquisition and staffing space. Because we invest and grow our business for the long term, you need not fear that your investment is based on short-termism. We have always been focused on the creation of value, profitability and strong cash flow, and the concept of burn rates or cash runway do not apply.

3. WE ARE OWNER OPERATORS

How often do you get to invest alongside 37 intrapreneurs who collectively generate S\$72.5m in profits a year? The fact that more than 80% of HRnetGroup is owned by people who work in and for the business (day and night), makes it an amazing investment for anyone who wants to ride alongside our Co-Owners, benefiting from their effort and commitment to their craft. We are deeply interested in building our organization to last, in furthering the interests of our stakeholders, in being a market leader.

OUR TAKE ON THE TALENT GAME IN 2023?

1. ROLL WITH IT

The jobs which pay the most, the companies which pay the highest, do not stay constant. If you are pushing your child to take Computer Science at university simply because the starting salaries for that industry were the most spectacular last year, it could be a grave mistake. The fever which infected many people even led to some parents asking the Singapore government to get the universities to offer more seats in Computer Science.

The reality is that the job market is cyclical. One sector never stays the most acquisitive employer forever. For us, that means rolling with it. When semiconductors were the rage, we had to know all about the talent availability for that market. When sustainability is a new mandatory requirement but there is scarcely any experienced talent in the space, we need to scour the market for our clients and identify agile candidates who are able to transition.

The labour market is constantly in flux, but we have developed the skills to roll with it and benefit the organizations who partner us to secure the talent capital they need.

2. KEEP DOING BETTER

1% improvement a day makes you 37x better in a year. Anyone interested in having a career must constantly grow, evolve, and undergo training. The same applies to what we offer our stakeholders - the disciplined commitment to improvement means we keep getting better and in the space of a year see dramatic progress. Our products and services are far superior to what was offered not long ago - even something as simple as our name-cards have gone from the traditional hardcopy version, to QR name-cards which follow us wherever we have our phones, and now to Video/WeChat name-cards which incorporate a video introduction and direct links to thought leadership work.

3. CHOOSE GRATITUDE & OPTIMISM

Choosing to be positive is underrated. Particularly if you have the intention and ambition to be a leader. It is extremely unlikely that a team member will be inspired to work with and be led by someone who constantly bemoans that the end of the world is near.

So choose to be grateful and optimistic, choose to shine light and forge a path ahead. And you can be sure that is what we will do. We are relentless. We will never roll over or simply give up. We will keep fighting to do great work, and deliver yet another highly profitable year in 2023.

Peter Sim
Founding Chairman

Adeline Sim
Executive Director and
Chief Corporate Officer

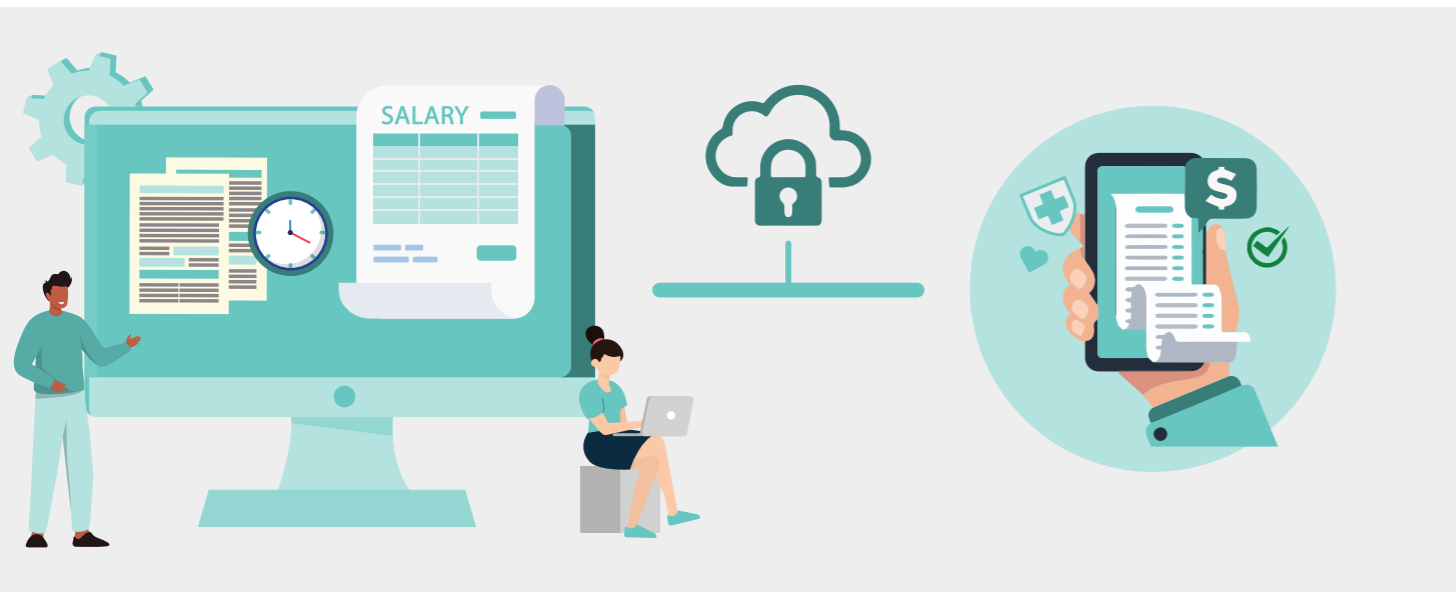


Scan this QR code to listen to Walking With You. An original song written, composed and performed by our talents to commemorate HRnetGroup's 30th Anniversary.

MEET OCTOMATE

Founded in 2019, Octomate is a powerful cloud-based workforce management software for enterprises, built on blockchain for maximum security and scalability. It is intuitively designed, allowing for easy set up and roll out. The breakout star in its suite of offerings is the ability to power instant payments of salary, reimbursements of claims, or even rewards.

It enables employers to connect with their desk and desk-less workforce with HR functions and instant payments.



DIGITAL HR - ANYTIME, ANYWHERE

Workers get access to a mobile application to clock in or out, submit leave and claims on the go.











SECURED BLOCKCHAIN TECHNOLOGY

All work transactions are stored securely on a blockchain and can be retrieved and checked real-time.

INSTANT PAYMENTS - 24/7

Companies have the option for their workers to access their e-wallet and cash out instantly upon work completion.

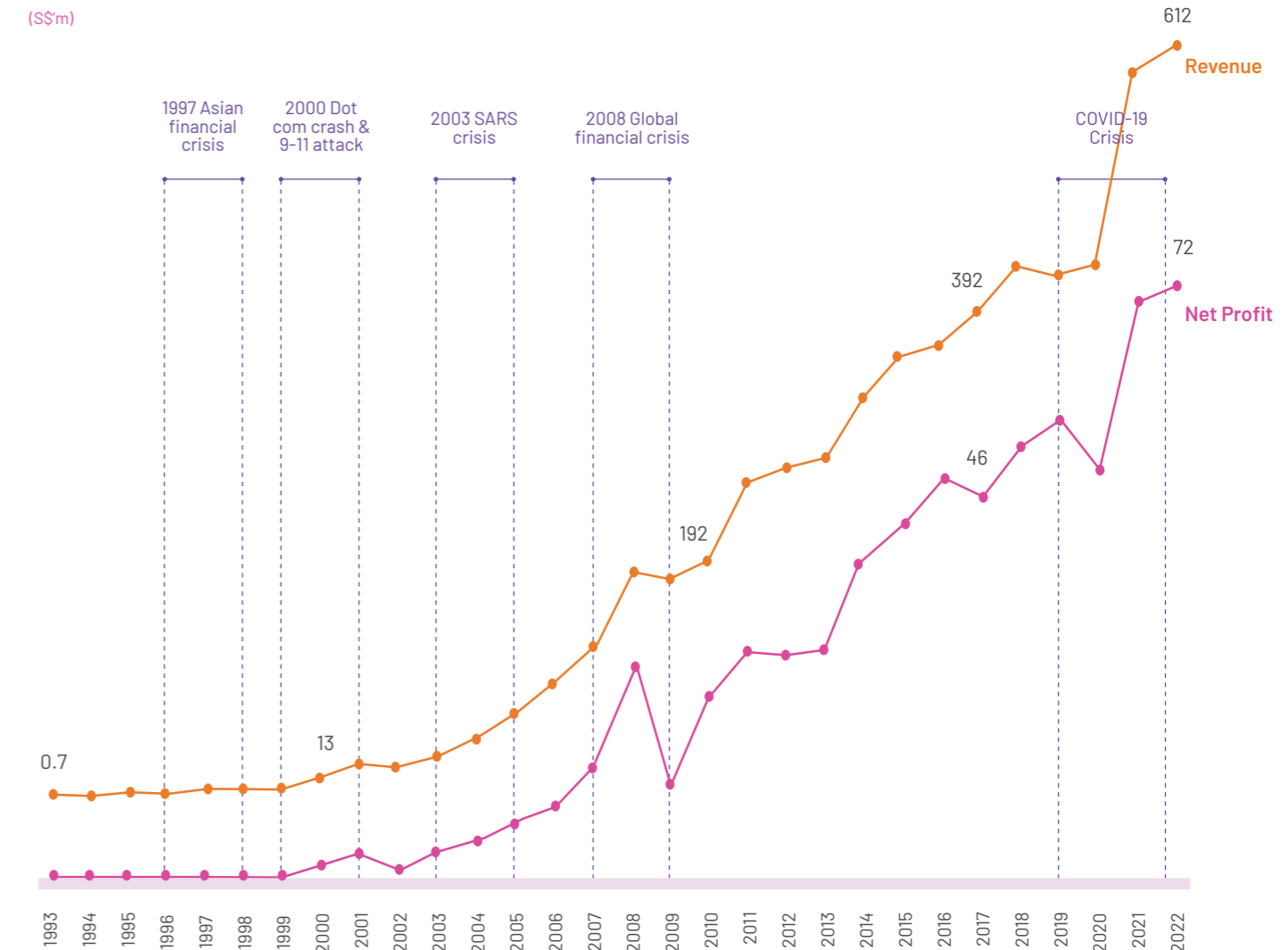
COMPREHENSIVE SUITE OF SOLUTIONS

-  HR
-  Claims
-  Leave
-  Announcements
-  Roster
-  Timesheets
-  Training
-  Payroll
-  Appraisal
-  Forms

KEY FINANCIAL HIGHLIGHTS

Between 2017, our year of IPO and 2022, both our revenue and net profit after tax grew by 56%. We emerged from the Covid-19 pandemic in even better shape than we entered it. This was the 6th major macro economic crisis in our 30 years of operating history. Our rebound was stronger, faster and higher than what we had achieved through previous crises as we used our strategic strength to pivot for growth. In the face of extreme challenges over the last 3 years, our results bear testimony to our people's resilience and capability to evolve.

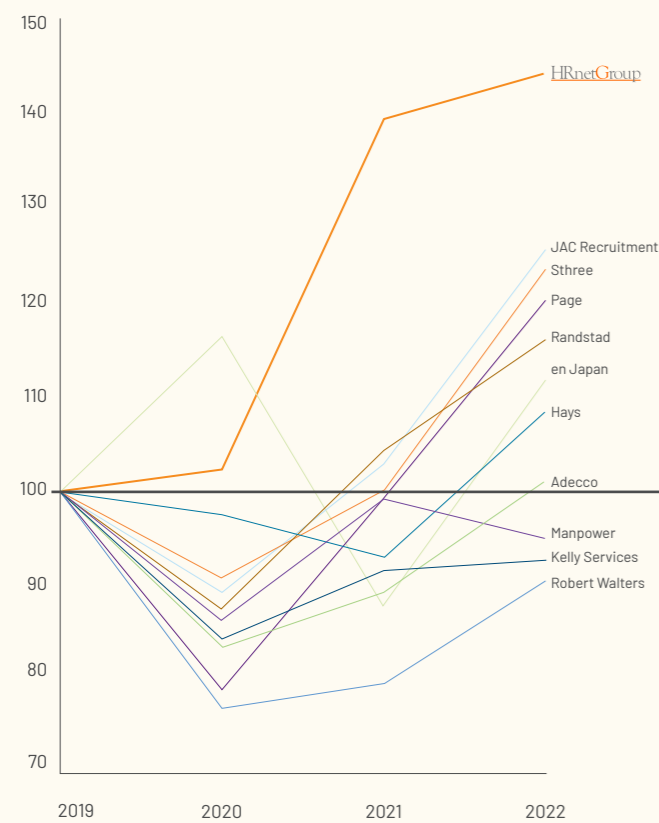
STRONG GROWTH & PROFITABILITY SINCE INCEPTION



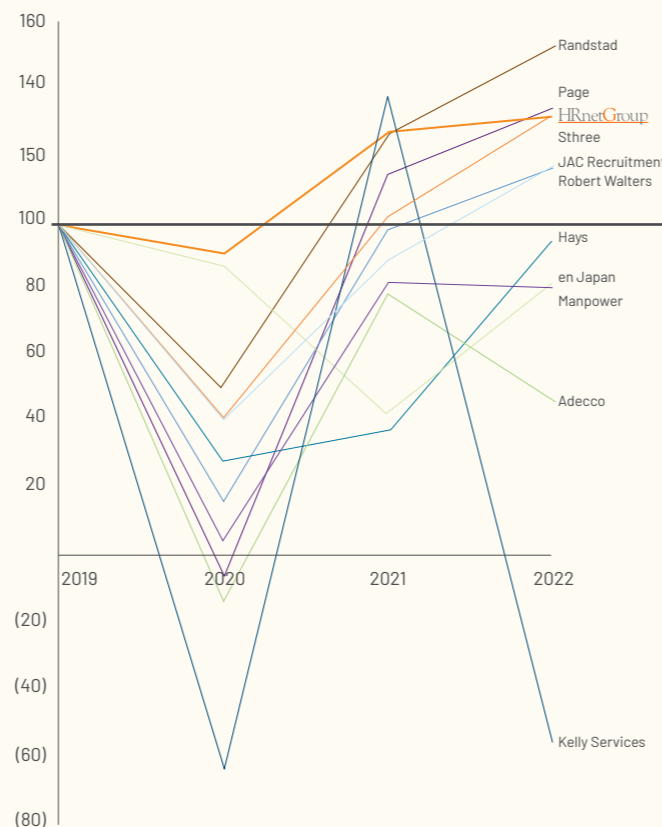
KEY FINANCIAL HIGHLIGHTS

Our progressive performance demonstrated stability and steady delivery of top and bottom lines even as many recruiters in the industry faced tremendous volatility and turbulence. It's at times like the present that we are reminded of the importance of having a material amount of cash at our disposal combined with our business-leader Co-Ownership model which perfectly aligns our internal shareholders with our external investors. Our resilient business model and strong financial structure provides a "moat" of protection circling the Group.

REVENUE (2019 REBASED TO 100)



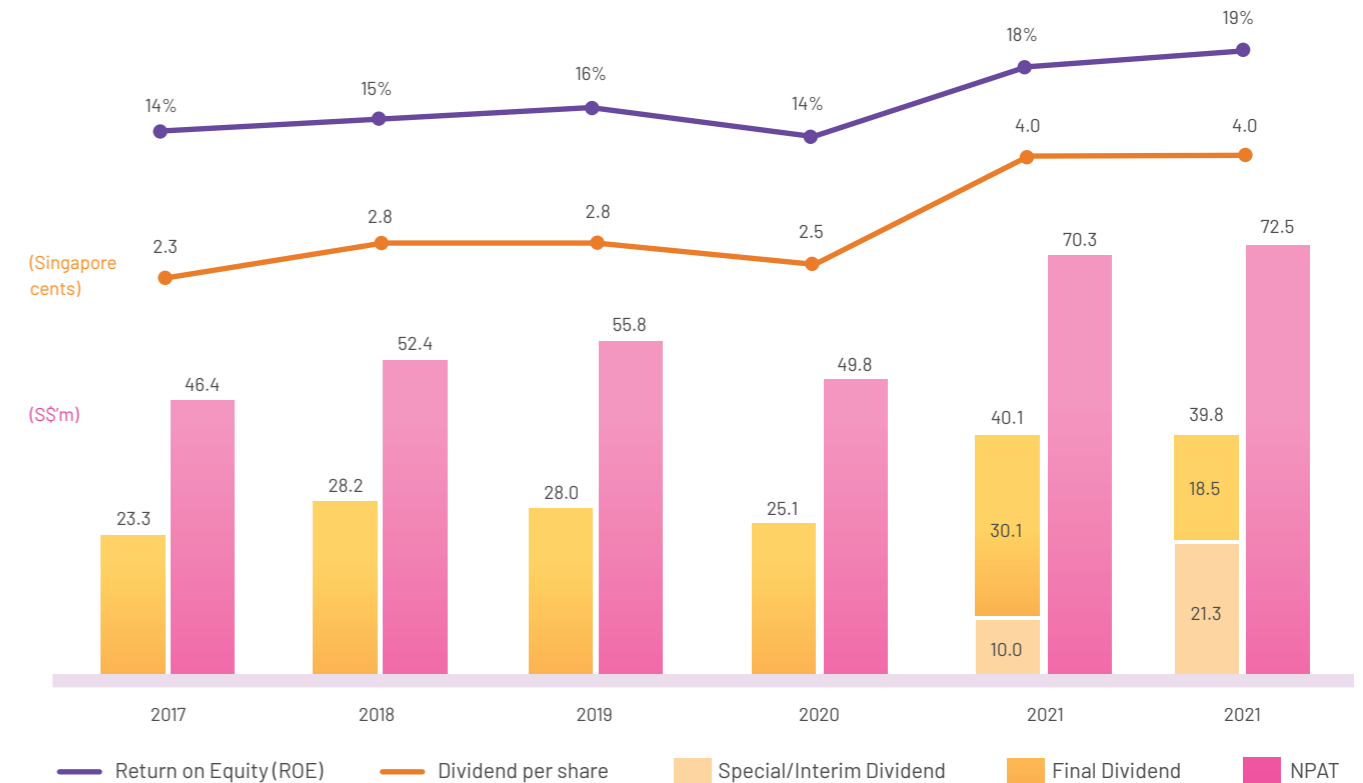
PATMI (2019 REBASED TO 100)



(Source: Company filings)

Along with our rising profits, we rewarded shareholders with a progressive trend of attractive returns, with ROE at 19%, dividend payout of 55% NPAT, and dividend yield of 5.1%¹. In 2022, we paid out a special dividend, a final dividend and a maiden interim dividend totaling S\$61.5m and bought back S\$10.1m worth of shares under the S\$30m share buyback program (SBB). These avenues for shareholders to realize value at various points in time totaled S\$71.6m, equivalent to 97% of our free cashflow for 2022.

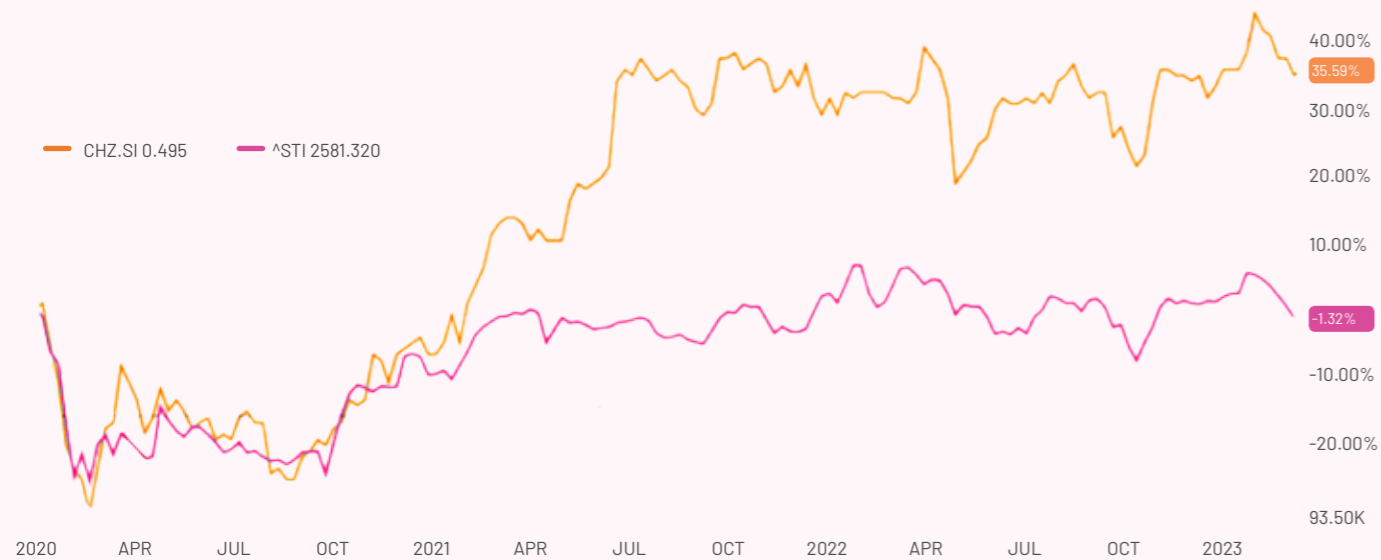
As of 13 March 2023, the SBB had a balance of S\$17.7m which assures investors of the company's belief in its value, as we are ready to make purchases whenever our share price is undervalued. We intend to redistribute the liquidity into the market through the use of the resultant treasury shares as M&A currency, employees shares and placement as opportunities present.



¹ Based on closing price of 30 December 2022

KEY FINANCIAL HIGHLIGHTS

Our share price outperformed the Straits Times Index over the last 3 years. Shareholders who believed in us and bought our shares which closed at 59.5 cents on 7 February 2020 when Singapore raised the Disease Outbreak Response System Condition (DORSCON) level from Yellow to Orange, would have gained 53.6% by 13 March 2023, through dividends totaling 11.4 cents and earned capital gains of 20.5 cents.



(Source: Yahoo Finance)

Our cash position has always been our key strength. With zero bank borrowings, not only were we shielded from the adverse impact of the interest rate hikes, but we also saw the doubling of our interest income. While many recruitment players in the world crumbled under the weight of interest expenses and offered themselves up for sale, we continued to seize opportunities in the rise in demand for temporary and contract workers by funding higher volumes of staffing work. The power to withstand any negative market forces in the current volatile geopolitical climate is very necessary to building our business to last.

STRONG CASH, SHELTERED FROM INTEREST RATE HIKES



OPERATING
+ S\$75.2m

- S\$97.8m operating cashflow
- S\$(22.6m) working capital changes & tax payments

INVESTING
- S\$3.6m

- S\$4.7m proceeds from disposal of investments
- S\$(6.0m) purchase of other financial assets
- S\$(2.3m) others

FINANCING
- S\$83.2m

- S\$(64.8m) dividends paid
- S\$(7.2m) repayment of lease liabilities
- S\$(10.1m) share buyback
- S\$(1.1m) others

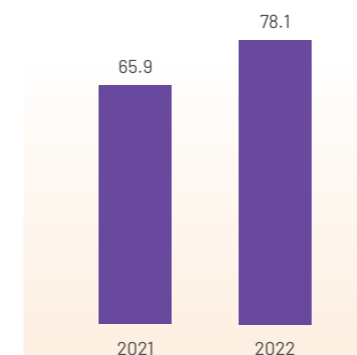
FOREIGN EXCHANGE
- S\$5.0m

- Effect of foreign exchange rate changes on Cash & Cash equivalents

¹ Cash & Cash equivalents

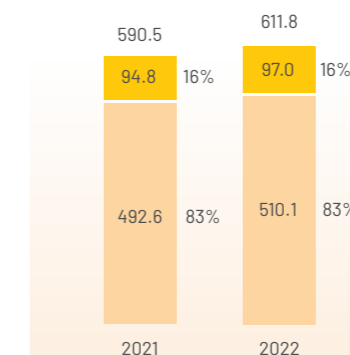
² CLN/T-Bills purchased in 2022: Credit Linked Notes (CLN) are DBS issued notes with Monetary Authority of Singapore (MAS) as credit underlying, while T-bills are short-term Singapore & Government Securities (SGS) issued by MAS

UNDERLYING NPAT* (S\$m)
▲ 18.6%

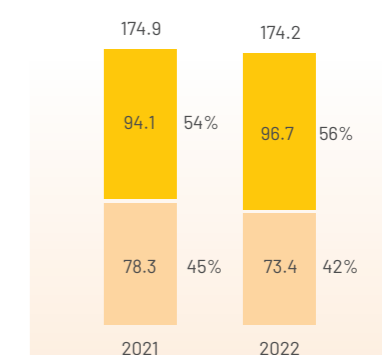


GP CONVERSION TO UNDERLYING NPAT*
37.7% ▶ 44.9%

REVENUE (S\$m)**
▲ 3.6%



GROSS PROFIT (S\$m)**
▼ 0.4%



GP MARGIN
29.6% ▶ 28.5%

* Underlying NPAT refers to Net profit after tax less Gain (Loss) from financial assets mandatorily measured at FVTPL

** FS FS PR

KEY FINANCIAL HIGHLIGHTS

S\$611.8m

REVENUE

YOY UP 3.6% FROM S\$590.5M

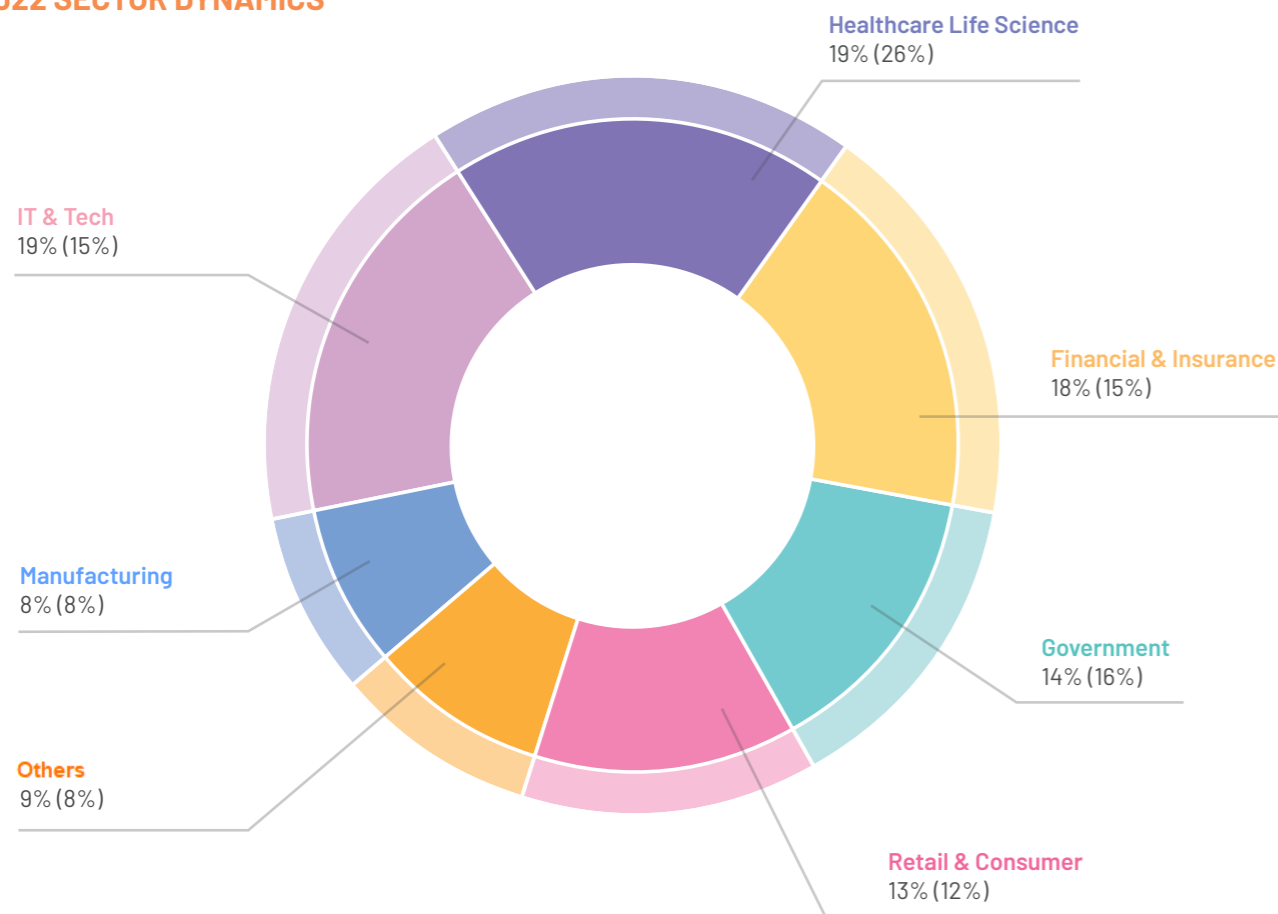
2022 was another record-breaking year in revenue, with both business segments breaking revenue records.

Flexible Staffing ("FS") revenue grew to achieve another record high of S\$510.1m (2021: S\$492.6m), up S\$17.5m or 3.6%. The scale back of Covid-related staffing volume in the Singapore healthcare sector was substantially made good by general business volume increases across most parts of Asia which resumed normalcy during the year.

For the whole year, we helped 55,981 (2021: 54,448) people secure employment in contract and temporary roles, an increase of 2.8%.

Professional recruitment ("PR") revenue also grew to a record high of S\$97.0m (S\$94.8m), up S\$2.2m or 2.4% amidst channeling our resources toward higher value assignments as we rode on the economic recovery and wage inflation wave, and placed 7,138 (2021: 7,794) talents.

2022 SECTOR DYNAMICS



(% in brackets denotes 2021 figures)

In 2022, our top 3 revenue sectors remain as Healthcare Life Science, IT & Tech and Financial & Insurance, which in aggregate contributed 56% (2021: 56%) of revenue. Within these 3 sectors, there were shifts from Healthcare Life Science contribution from 26% down to 19%, while IT & Tech was up 4% points to 19% and Financial & Insurance up 3% points to 18%. All the other sector proportions were similar to 2021's.

Healthcare Life Science sector dropped S\$40.8m to S\$114.6m (2021: S\$155.4m) mainly due to scale back of Covid-related business in Singapore.

Revenue from IT & Tech sector grew by S\$29.9m to S\$119.1m (2021: S\$89.2m) and became the top contributing sector in 2022. IT & Tech has been and will continue penetrating our daily lives by apps-driven online shopping, food delivery and hail riding. We also supported the smart phone and technology supply chain from semiconductor design to manufacturing of end products.

There were rising demand from Financial & Insurance sector which revenue increased by S\$23.3m to S\$112.7m (2021: S\$89.4m), especially software engineer and developer roles in the banking industry.

S\$174.2m

GROSS PROFIT

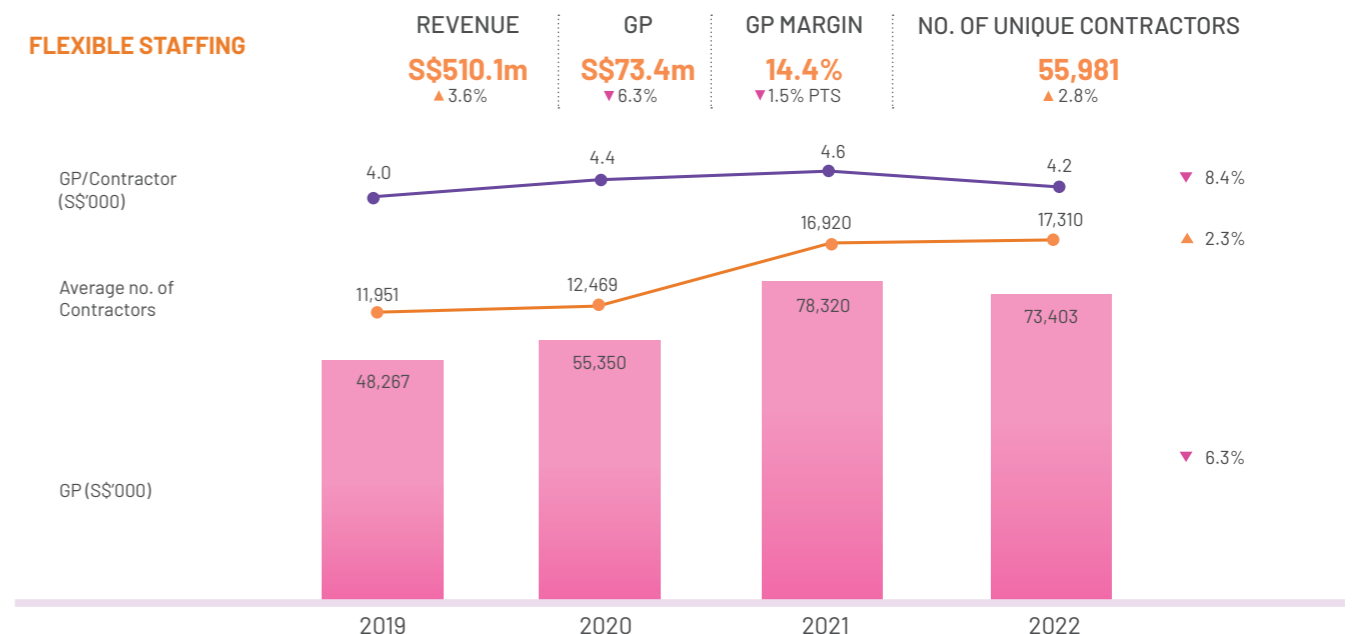
YOY DOWN 0.4% FROM S\$174.9M

Business Segments

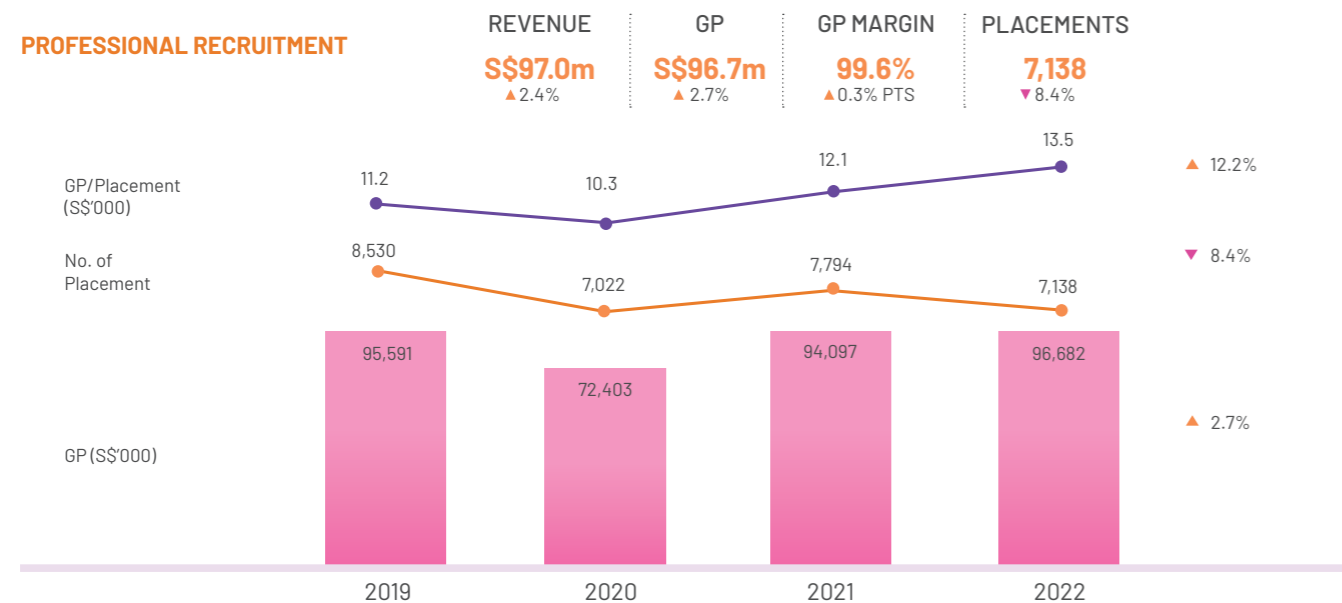
FS has sub-contractor expenses as a direct cost which results in a Gross Profit margin of 14.4% (2021: 15.9%). FS Gross Profit dropped S\$4.9m or 6.3% to S\$73.4m (2021: S\$78.3m), mainly due to higher margin Covid-related business ended and lower margin projects in Taiwan and Indonesia increased, causing GP/average contractor decreased by 8.4%.

PR Gross Profit margin was at 99.6% (2021: 99.3%). PR Gross Profit rose S\$2.6m to S\$96.7m, up 2.7% due to increase of 12.2% GP/placement despite 8.4% decline in GP/placement. This is driven by both focus on high billings assignments and higher remuneration package driven by market demand.

Overall GP margin stood at 28.5% (2021: 29.6%) with the PR/FS business revenue mix of 15.9%/83.4% remaining fairly similar to last year's 16.0%/83.4%.



KEY FINANCIAL HIGHLIGHTS



Geographical Segments

Business performed strongly across the 3 key regions for both FS and PR:

Singapore

- Revenue dipped 3.4% to S\$396.9m (2021: S\$410.8m) with PR growth of 4.9% negating FS' dip of (4.2%).
- GP down by (6.4%) to S\$91.3m (2021: S\$97.5m) had PR growth of 4.9% offset by FS' reduction of (12.6%).

North Asia

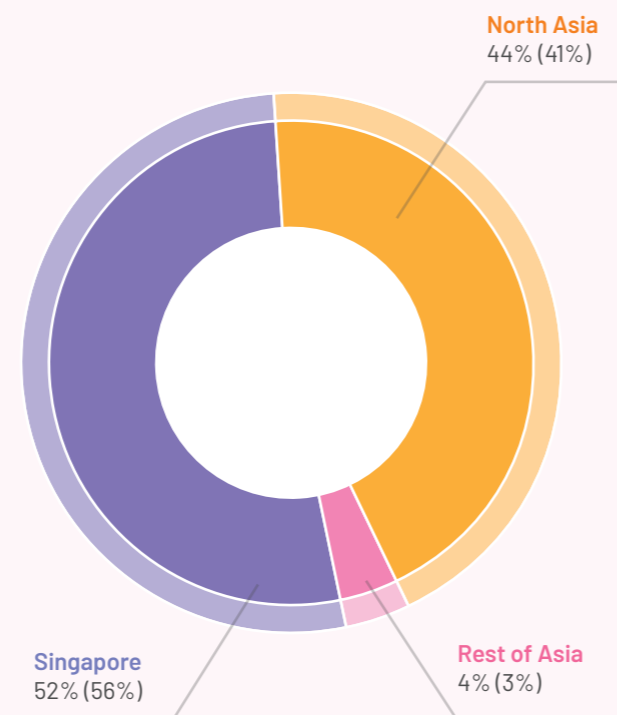
- Revenue grew 17.3% to S\$186.1m (2021: S\$158.7m) with FS growth of 27.1% and PR flat at 0.3%. FS growth in all geographies especially Taiwan, Hong Kong S.A.R. and South Korea.
- GP grew 6.0% to S\$76.0m (2021: S\$71.7m) with FS growth of 26.3% and PR growth at 0.9%.

Rest of Asia

- Revenue grew 36.4% to S\$28.7m (2021: S\$21.0m) with FS growth 41.4% and PR 13.4%. FS growth in Indonesia and Malaysia were main contributors.
- GP grew 19.7% to S\$6.8m (2021: S\$5.7m) with FS growth of 27.9% and PR 13.4%.

(% in brackets denotes 2021 figures)

1. North Asia : Beijing, Shanghai, Shenzhen, Guangzhou, Suzhou, Chengdu, Taipei, Kaohsiung, Hong Kong S.A.R., Tokyo and Seoul.
2. Rest of Asia : Kuala Lumpur, Jakarta and Bangkok.



S\$20.0m

OTHER INCOME

YOY UP 25.3% FROM S\$16.0M

Other income increased by S\$4.0m to S\$20.0m which comprised mainly net fair value and disposal on financial assets mandatorily measured at FVTPL stood at a net loss of S\$(5.7m) (2021: net gain of S\$4.4m), reversal of trade-related accruals totalling S\$14.8m (2021: S\$ Nil) and government grants and subsidies totalling S\$7.0m (2021: S\$8.9m) and the amount of pandemic-related assistance from various governments continued to taper off.

BALANCE SHEET

Cash

The Group's cash position reduced by S\$(42.5m) to S\$284.6m mainly due to:

- S\$75.2m generated from operating activities mainly comprising S\$97.8m operating cash flows before movements in working capital, increased by S\$14.5m reduction in trade receivables, offset by S\$(1.3m) reduction in trade payables, S\$(20.7m) reduction in other payables and accruals and S\$(15.7m) income tax paid;
- S\$(29.5m) used in investing activities mainly comprising S\$(18.0m) investment in CLN; S\$(17.9m) investment in T-Bills; S\$(6.0m) investment in other financial assets mandatorily measured at FVTPL; offset by S\$14.6m proceeds from disposal of investments;
- S\$(83.2m) used in financing activities mainly comprising S\$(64.8m) dividends paid; S\$(10.1m) share buyback; S\$(1.7m) purchase of minority interests from Co-Owners; and S\$(7.2m) repayment of lease liabilities; and
- S\$(5.0m) arising from the effect of foreign exchange rate changes on cash & cash equivalents.

Trade receivables reduced by S\$(14.4m) to S\$99.8m due to stronger credit control and a slight reduction of revenue by 5.7% in the 2H compared to same time last year.

Other financial assets (current) increased by S\$21.6m due to the deployment of cash to invest in good yield CLN and T-Bills and the net addition of marketable securities in our investment portfolio that was generally HR-related.

Other financial assets (non-current) decreased by S\$(11.0m) mainly due to the downward market price movements of our publicly quoted investments in Staffline and Bamboos which have been impacted by the fall in the value of equities worldwide and this impact is similarly reflected in the change in investments revaluation reserve.

Other payables and accruals reduced by S\$30.4m mainly due to the reversal of trade-related accruals, non-recurrence of special dividend declared in 2021 and paid in 2022, lower provision of incentives and bonuses, movement in client deposits and advanced billings.

Income tax payable reduced by S\$2.1m due to tax prepayments made in various tax jurisdictions.

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SUSTAINABILITY REPORT

INTRODUCTION

2022 was a year of uncertainty, characterised by an international shift in economies to achieve normalcy in a post-pandemic world. With the pandemic resulting in inflationary pressures and higher stakeholder demand for sustainable measures, our employees and people faced an additional strain to navigate the 'new normal'.

Nevertheless, these tumultuous times have underscored the importance of managing environmental, social, and governance ("ESG") risks and opportunities as a fundamental part of our business operations. As recruiters and HR partners, we strive to create working relationships that will endure for generations by connecting the right people to the right roles. ESG-related risks and opportunities that can both affect our business and be impacted by our business must, therefore, be included in our narrative to guarantee the longevity of our clients and our own businesses.

Guided by our sustainability objectives, the Board continued to align closely with and provide full support for the adoption of SGX sustainability reporting guidelines, integration of ESG strategies and monitoring of ESG factors.

Our sustainability strategy, with a strong focus on social and governance aspects, which are applied to all facets of operations conducted by HRnetGroup.

1. Building and engaging talent
2. Sound governance for a strong and sustainable business
3. Doing our part for the environment

We are committed to continually evaluating sustainability topics that are material to the business. This year, the Board has identified and incorporated additional topics, such as "Job mobility and opportunities", "Candidates' retention" and "Candidates' well-being", to assist HRnetGroup in achieving our sustainability goals. A comprehensive overview of our sustainability approach and governance structure is provided in detail in the later sections of this sustainability report. The Board is fully committed to support these various initiatives and we have empowered the HRnetGroup management team to continue to drive and monitor performance on our sustainability agenda with associated Key Performance Indicators ("KPIs").

In 2022, we conducted various training and development programs for our employees such as UEP Leadership Masterclass, 9 Dimension Great in Sales ("9DGIS") and our quarterly event, Critical Success Activities ("CSA") to ensure our employee feel connected within the company and at the forefront of market insights. Our employee Code of Conduct ("CoC") was embedded into our business operations and strictly complied with by all of our employee. Furthermore, as our community investment and engagement, we have organised multiple initiatives i.e. "Walk with us" across 11 cities, Beach clean-up in Japan, sustainable Christmas express markets in Singapore as part of our Corporate Social Responsibility ("CSR") initiatives.

We have commenced our environmental performance tracking i.e. energy and water consumption in our Singapore offices in 2022 to better manage our environmental impact. We will progressively expand our tracking of environmental data while improving our data collection capability. In addition, we have started our Task Force on Climate-related Financial Disclosures ("TCFD") journey alignment with TCFD framework. The adoption of this framework will provide clearer guidance on climate-related governance, strategy, risk management, metrics, and targets.

Overall, we are dedicated to leveraging our expertise and resources to ensure our business, our clients and candidates, our people, and our planet remain strong and sustainable in the years ahead. Nevertheless, we recognise that our success is strongly dependent on the partnership and supporting from our stakeholders and the communities in which we operate. Hence, we are grateful for and look forward to your continued support on our sustainability journey.



SUSTAINABILITY REPORT

ABOUT THIS REPORT

Reporting scope, period, and standards

This report covers HRnetGroup's sustainability performance for the financial year ended 31 December 2022 (1 January 2022 to 31 December 2022). The information in this report includes all our 13¹ brands and 15² business locations to provide a comprehensive picture of our organisation's impact on the environment, social and governance related matters for our stakeholders. Unless otherwise stated, the ESG information disclosed in this report covers the full financial year performance for all the brands and business locations.

Our fifth annual sustainability report adheres to the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rule 711A and 711B. The report has been prepared

in accordance with the Global Reporting Initiative ("GRI") Standards 2021 and the TCFD recommendations. The GRI content index is provided on pages 73-76.

No restatements of information were made in our current year sustainability data, however we have started to report on energy and water consumption in our Environmental section pages 68-69.

This sustainability report published on 11 April 2023 supplements HRnetGroup's Annual Report 2022 and is available on our website www.hrnetgroup.com.

Assurance

Our sustainability information in this report have undergone an internal review in compliance with relevant policies. We have not sought external assurance for this report and will consider doing so as our sustainability reporting matures over time. For the current reporting period, we have completed an internal audit on identified selected sustainability reporting processes.

Feedback

We are open to your feedback as we strive along our sustainability journey. If you have any enquiries or would like to find out more about HRnetGroup, please contact us at: ir@hrnetgroup.com.

PERFORMANCE HIGHLIGHTS

SOCIAL

73 hrs

in average of training per employee

17%

of our permanent employee base are Co-Owners under our 123GROW Co-Ownership scheme

87.12

Net Promoter Score (rating above 80 is deemed as excellent)

25%

female representation in our Board

GOVERNANCE

ZERO

substantiated complaints concerning breaches of customer privacy and losses of customer data in 2022

ZERO

incidences of non-compliance with laws and regulations resulting in significant fines and non-monetary sanctions

ENVIRONMENT

14

out of our total 25 offices are in green buildings³ in 2022

Started our environment data tracking with Singapore operations



SINGAPORE

HRnetOne
PeopleSearch
Recruit Express
Recruit Legal
RecruitFirst
SearchAsia
YesPay!
Octomate

KUALA LUMPUR

HRnetOne
PeopleSearch
Recruit Express
Recruit Legal
RecruitFirst
SearchAsia

HONG KONG SAR

HRnetOne
PeopleSearch
Recruit Express
RecruitFirst
Recruit Legal
SearchAsia
Center Point Personnel

TAIPEI

HRnetOne
PeopleSearch
Recruit Express
RecruitFirst
SearchAsia

TOKYO

HRnetOne
PeopleSearch

SHANGHAI

HRnetOne
PeopleSearch
RecruitFirst
REForce

JAKARTA

HRnetRimbun
RecruitFirst

BANGKOK

HRnetOne

BEIJING

HRnetOne
REForce

SEOUL

HRnetOne

GUANGZHOU

HRnetOne
REForce

SUZHOU

REForce

SHENZHEN

HRnetOne

CHENGDU

REForce

KAOHSIUNG

RecruitFirst

¹ Our 13 brands comprised of HRnetOne, PeopleSearch, PeopleFirst, SearchAsia, Recruit Legal, HRnetRimbun, REForce, Recruit Express, RecruitFirst, Center Point Personnel, YesPay! and Octomate (newly acquired in October 2022). The reporting entities associated with these brands are the same as the entities covered for our financial report; see pages 152 and 153 for more details.

² Our 15 business locations include Tokyo, Bangkok, Jakarta, Shanghai, Suzhou, Shenzhen, Seoul, GuangZhou, Hong Kong SAR, Beijing, Chengdu, Taipei, Kaohsiung, Singapore and Kuala Lumpur.

³ It mainly refers to the office buildings with eco-certification/green ratings i.e. LEED certifications, Green Mark Certification and BEAM ratings.

SUSTAINABILITY REPORT

AWARDS AND RECOGNITIONS

Recognitions for Our 2022 Performance:



March: One of our leaders, Annie Zhang, from RecruitFirst Shanghai has been awarded as Top 60 China HR Services Women Leader



March: Platinum Award for Recruitment by Huawei - PeopleSearch Japan



May: Human Capital Partnership Employment Agency by TAFEP - RecruitFirst Singapore



August: McDonald's Most Promising Executive Search Vendor Award - PeopleSearch Shanghai



September: Dun & Bradstreet Singapore Business Eminence Awards 2022 - HRnetGroup



September: Best Managed Companies 2022 Singapore by Deloitte Private - HRnetGroup



October: Taipei Grade A Accreditation - HRnetOne, PeopleSearch, RecruitFirst and Recruit Express



December: Shanghai Government Talent Scout Award - HRnetOne & REForce

SUSTAINABILITY REPORT

AWARDS AND RECOGNITIONS



December: PeopleSearch Shanghai has been awarded as the Best HR Agency in Healthcare Industry by TopHR



December: The Pursuit of Excellence Award by Henkel - PeopleSearch Shanghai



OUR SUSTAINABILITY APPROACH

HRnetGroup believes in promoting a culture of positive growth and development for our people. We aim to provide high service quality to our clients and candidates while solidifying our business operations with sound governance and ethical business practices to deliver sustainable financial performance. We have also started tracking our environmental performance this year, commencing with our Singapore operations, to be in line with our sustainability aspirations.

Under the leadership of our sustainability champions - Executive Directors Adeline Sim (Chief Corporate Officer) and JS Sim (Chief Executive Officer of Recruit Express Group of Companies), we have conducted a comprehensive assessment of our materiality issues. We are pleased to share the results of this assessment with our esteemed stakeholders as part of this sustainability report.

MATERIALITY ASSESSMENT

HRnetGroup undertook a materiality refresh this year in line with GRI 2021 guidance and reprioritised our list of material issues based on a consideration of the impacts of our business activities, relationships and value chain. This materiality assessment exercise has assisted us to identify our actual or potential, positive or negative impacts on people (including human rights), environment, and the economy based on a review of our current business activities and the material issues relevant to the human resource industry and our peers.

With a more comprehensive and wider lens looking into impacts this year, we have prioritised our material topics based on the significance of impacts of our business activities on environment, economy, and the people. Our reassessment was led by our Sustainability Task Force ("STF") and underwent a validation process with our Board.

The resulting list of material topics has been presented according to our sustainability framework as seen in the table below. Our material topics remain largely consistent with the previous year.

	KEY MATERIAL TOPICS	MATERIAL SUB-TOPICS
Social Building and Engaging Talent	Talent Retention, Development, and Engagement	Talent Retention Talent Development
	Diversity and Equal Opportunity	-
	Building Capacity in the Local Communities (see Note 1)	Job mobility and Opportunities* Community Investment and Engagement*
		Candidates' Talent Retention* Candidates' Talent Well-being*
Governance Sound Governance for a Strong and Sustainable business	Ensuring Business Integrity and Compliance (see Note 1)	Regulatory and Compliance Anti-Corruption Anti-Bribery
	Business Growth	-
	Cybersecurity and Data Protection*	-
Environment Doing Our Part for the Environment	Doing Our Part for the Environment*	Energy Consumption Water Management* Waste Management

Note 1: With the shift of focus to impact on the economy, environment and people under the new materiality assessment conducted in 2022, our 2021 material topics "Sound Governance and Risk Management" and "Customer Service and Satisfaction" have been integrated into "Ensuring Business Integrity and Compliance" and "Building Capacity in the Local Communities", respectively.

*New material sub-topics added as a result of our material refresh conducted in 2022.

SUSTAINABILITY REPORT

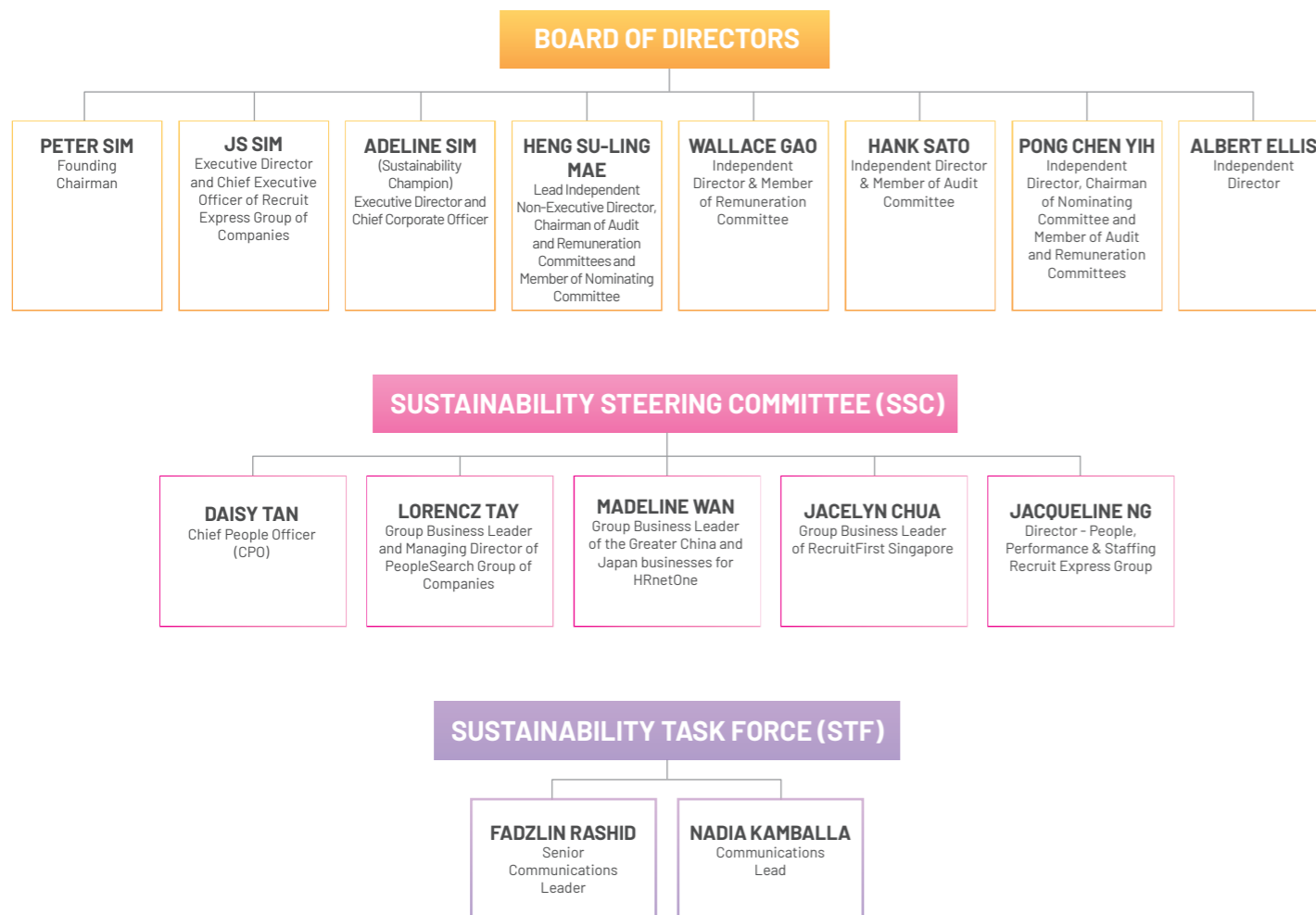
SUSTAINABILITY GOVERNANCE STRUCTURE

Supported by our Sustainability Steering Committee (“SSC”) and business leaders, the Board is responsible for reviewing and approving our ESG material topics and issues. The Board oversees the conduct of our materiality assessment which considers how our business activities impact the economy, environment and the people and reviews our material topics on a regular basis. Our Board upholds HRnetGroup’s mission to build a more sustainable working environment by connecting the right people to the right roles while operating responsibly.

The Board engages annually with the SSC and oversees the development of HRnetGroup’s sustainability framework, strategies, policies, targets, as well as management of ESG risks amongst other sustainability related issues. The Board continues to enhance HRnetGroup’s sustainability agenda through attending annual Board training to develop our collective knowledge on sustainability.

Our SSC is committed to keeping in view the Group’s overall long-term plans and vision, setting relevant ESG KPIs and targets, as well as monitoring overall sustainability performance. The SSC reports to the Board annually and as needed and it is comprised of members of our senior management team.

Our Sustainability Task Force (“STF”) comprised of our senior executives, supports and reports to SSC regularly and as needed SSC to implement and execute measurable plans and initiatives across our business operations.






More information on our corporate governance section on pages 79 to 110.

STAKEHOLDER ENGAGEMENT

Understanding our stakeholders’ main concerns and expectations is important to us. We engage actively with our internal and external stakeholders to seek valuable inputs and obtain feedback that are important for our sustainability developments throughout the year.

Stakeholder Group	What They Expect	How We Responded	How We Engaged Them in 2022 (including Frequency)
Internal			
<p>Employees</p>	<ul style="list-style-type: none"> Fair employment practices Career growth prospects Remuneration packages commensurate with value created Work-life integration Workplace wellness Future focused organisation 	<ul style="list-style-type: none"> Progressive recruitment and employment practices Monthly basic salaries based on competencies Incentive plans based on performance Develop systems to facilitate work efficiencies Empowering our staff to take ownership of their career paths Cultivate a positive working environment for physical and mental well-being Enabling colleagues to give back to the community through our Corporate Social Responsibility (CSR) initiatives 	<ul style="list-style-type: none"> Monthly breakthrough performance plans Improvements to EASE – a platform app with features that provide one-click access to work related matters such as check-ins, payroll, leave and claims submissions Training and development programs delivered via digital platforms Online sessions dedicated to health and mental well-being
External			
<p>Clients and Candidates</p>	<ul style="list-style-type: none"> Uninterrupted access to services Strong market expertise Reliable and responsible advice Good value (client) Protection of data and privacy 	<ul style="list-style-type: none"> Continued digitalisation of touchpoints in the client and candidate journey Utilising a quantitative work process to ensure consistent interaction with, and deep, real-time knowledge of the industries and roles we specialise in Maintaining the highest professional and ethical standards Providing our clients and candidates with market intelligence so they can make informed decisions Managing feedback independently, effectively, and promptly 	<ul style="list-style-type: none"> Rhythm of meetings, including weekly action meetings, quarterly engagement meetings, case updates and intelligence briefings Sharing of our content library i.e. Trend reports with insightful market information to job seekers and hiring professionals Participation in public events such as the SkillsFuture forum Feedback collection through our HearTbeats online platform after client and candidate interactions Sharing and events such as Instagram live and WeChat live sessions Enhancements on Position Profile Report (PPR) and Candidate Profile Report (CPR) creators across the business units for even better consistency and standards across offices

SUSTAINABILITY REPORT

Stakeholder Group	What They Expect	How We Responded	How We Engaged Them in 2022 (including Frequency)
 Investors	<ul style="list-style-type: none"> Stable and sustainable growth and profitability Reasonable returns to shareholders Preserving balance sheet strength through economic cycles Strong corporate governance and transparency Timely disclosures 	<ul style="list-style-type: none"> Ensuring strong oversight and accountability by an experienced and competent Board and Management team Maintaining a healthy corporate governance culture Disciplined and measured approach towards merger and acquisition risks and opportunities Ensuring robust risk governance and management in day-to-day operations Ensuring timely disclosure and reporting 	<ul style="list-style-type: none"> One Annual General Meeting ("AGM") Two retail events 41 meetings with analysts Annual report Notices, Circulars and Announcements
 Society	<ul style="list-style-type: none"> Employment opportunities Good corporate citizenship, contribute responsibly to society building 	<ul style="list-style-type: none"> Offering jobs to local talent via hiring for our own business operations and facilitating job placements for our clients Giving back to society through CSR programmes 	<ul style="list-style-type: none"> Continual engagement through recruitment platforms to attract talents and provide advice for candidates CSR events
 Government & Regulators	<ul style="list-style-type: none"> Highest standards of corporate governance and ethical behaviour Supporting the development of local economies and industries Taxes to governments 	<ul style="list-style-type: none"> Complying with applicable and current laws, regulations, and policies Sound risk management system and processes Conducting regular internal and external audits Disclosure of our sustainability practices 	<ul style="list-style-type: none"> Annual reports (including annual sustainability report) Annual audit reports

Note: Major stakeholder groups in our day-to-day operations have been listed. HRnetGroup's supply chain for office equipment for the business is minimal.



SUSTAINABLE DEVELOPMENT GOALS

We are aligned to the United Nations Sustainable Development Goals ("UN SDGs") and we support the achievements of the SDGs with our initiatives held in 2022. We have also identified the most relevant SDG to our material topics as follows:

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

SDG (Target Level)	Material Topic	Examples of Efforts and Initiatives
Goal 4  Supporting quality education as the foundation to improving people's lives and sustainable development	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship	Building Capacity in the Local Communities CSR fundraising program for Yayasan Kanker Anak Indonesia, Shanghai Sunflower Community, Angel Hose Orphanage etc. (See pages 59-61 for more details)
Goal 5  Achieve gender equality and empower all women and girls	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	Diversity and Equal Opportunity Ensuring gender diversity in our board (See pages 54-56 for more details)
Goal 8  Promote inclusive and sustainable economic growth by creating quality jobs for all	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	Building Capacity in the Local Communities Regular monitoring of candidates' satisfaction via HeaRtbeats app and proactively taking remedial actions for issues identified (See pages 57-58 for more details)
		Diversity and Equal Opportunity Promoting diversity and inclusion in our own hiring practices and encouraging clients to do the same (See pages 54-56 for more details)
		Talent Retention, Development and Engagement Employee training initiatives such as UEP Leadership Masterclass, 9 Dimension Great in Sales ("9DGIS") and Critical Success Activities ("CSA") (see pages 50-54 for more details)
	8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training	Building Capacity in the Local Communities Maintaining contractor employees' headcount and ensuring successful placements for professional recruitment (See pages 57-58 for more details)

SUSTAINABILITY REPORT

SDG (Target Level)	Material Topic	Examples of Efforts and Initiatives
8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	Ensuring Business Integrity and Compliance	Adherence to local human rights and fair labour practices and upholding our employees to a high standard of professional ethics (See pages 62-63 for more details)
	Cybersecurity & Data Protection	Annual cybersecurity and personal data protection trainings to all our employee (See page 66 for more details)
	Talent Retention, Development and Engagement	Protecting physical and mental well-being of our employees (See pages 50-54 for more details)
Goal 10  Reduce inequality within and among countries	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	Diversity and Equal Opportunity Adherence to the Tripartite Alliance for Fair Employment Practices (“TAFEP”) guidelines (See pages 54-56 for more details)
	Building Capacity in the Local Communities	Conducted several CSR initiatives i.e. fundraising programs for Code in the Community (“CITC”), providing free coding classes to underprivileged children and Eden Social Welfare Foundation, providing dedicated welfare such as vocational training, employment services, rehabilitation to people with disabilities (See pages 59-61 for more details)
		Talent Retention, Development and Engagement
Goal 13  Take urgent action to combat climate change and its impacts	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	Ensuring Business Integrity and Compliance Commenced our climate related disclosure per SGX requirement in 2022
		Doing Our Part for the Environment

UN GLOBAL COMPACT




We continue our efforts to support the ten principles of the United Nations Global Compact (“UNGC”) through consistent improvement of our business practices.

The Ten Principles of the UN Global Compact			Our Actions
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	We provide our employees with a safe working environment and promote diversity and inclusion in our workplace (pages 50-51)
	Principle 2	Make sure that they are not complicit in human rights abuses.	
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Not relevant for HRnetGroup since we do not have any employee unions
	Principle 4	The elimination of all forms of forced and compulsory labour;	We subscribe to Tripartite Alliance for Fair and Employment Practices and comply to existing labour laws (see pages 62-63)
	Principle 5	The effective abolition of child labour; and	
	Principle 6	The elimination of discrimination in respect of employment and occupation.	See page 55
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges;	Not relevant for HRnetGroup given our professional services nature of business
	Principle 8	Undertake initiatives to promote greater environmental responsibility; and	Besides transitioning our entire onboarding process to paperless, we started reporting on environmental performance i.e. Energy consumption and Water consumption in 2022 for our Singapore operations. We will progressively report on the other metrics to track our environmental performance from 2023 onwards
	Principle 9	Encourage the development and diffusion of environmentally friendly technologies.	We recruit engineers for environmental firms and sustainability professionals. We consciously seek to rent offices at green buildings, covering 14 out of 25 office buildings in 2022
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	Pages 62-63




SUSTAINABILITY REPORT

TARGETS AND PERFORMANCE

To show our continuous commitment in our sustainable journey, we have laid out a revision of our targets for each material topic.

Material ESG factors	Key Performance Indicators	Details of What HRnetGroup have done	2022 targets	2022 performance	Our 2023 targets and moving forward	
SOCIAL	Talent Retention, Development and Engagement 	Percentage of total employees by gender and employee category receiving regular performance and career review Extend opportunities for Co-Ownership at Company and/or business unit level	Pages 50-54 – Talent Retention, Development and Engagement 100% of our permanent employees receive regular performance and career review Actively seek to increase Co-Owners for business units outside Singapore	100% of employees undergone performance review 6 pax Karen Koh, Ping Chen, Miranda Chin, Frances Li, Lee Mei Chin, Kelvin Rimbun	Achieve an average of 70 training hours annually per employee by 2025 Actively seek to increase Co-Owners for business units outside Singapore Ensure 100% of permanent employees receive regular performance and career review	
	Diversity and Equal Opportunity 	Provide equal opportunities for all candidates irrespective of gender, marital status, race, ethnicity, age and religion. Percentage of Board of Directors that are female	Pages 54-56 – Diversity and Equal Opportunity	Maintain zero confirmed incidents of discriminations Maintain 2 or more female directors	Zero confirmed incidents of discriminations 25% of the Board are Female	Maintain zero confirmed incidents of discriminations Maintain 20% female directors on the Board of Directors
	Building Capacity in the Local Communities 	Client and candidate engagement average Net Promoter Score (NPS) Number of job placements – Employees, Candidates & Contractors	Pages 57-61 – Building Capacity in the Local Communities	Maintain a minimum average NPS above 70 Actively seek to grow the number of contractors and successful permanent placements in 2022	87.12 55,981 contractors (3% increase from 2021) 7,138 permanent placements (8% decrease from 2021) 332 internal contractors Employees (25% increase from 2021)	Maintain a minimum average NPS above 70 Work with 100,000 job seekers annually by 2027 Maintain 50% annual participation of employee in CSR activities

SUSTAINABILITY REPORT

	Material ESG factors	Key Performance Indicators	Details of What HRnetGroup have done	2022 targets	2022 performance	Our 2023 targets and moving forward
ECONOMIC AND GOVERNANCE	Ensuring Business Integrity and Compliance 	Number and percentage of employees receiving training on anti-corruption policies and procedures	Pages 62-63 – Ensuring Business Integrity and Compliance	Zero confirmed incidents of corruption or non-compliance with laws and regulations resulting in significant fines or non-monetary sanctions	100%	Zero confirmed incidents of corruption or non-compliance with laws and regulations resulting in significant fines or non-monetary sanctions 100% participation in training on human rights, ethics, information security and anti-corruption for all employees
		Number and percentage of governance body members receiving training on anti-corruption		8, 100%		
		Confirmed incidents of corruption		Zero confirmed incidents		
		Non-compliance with laws and regulations resulting in significant fines and non-monetary sanctions		Zero incidents of non-compliance		
ECONOMIC AND GOVERNANCE	Business Growth	Amount of revenue in growth sector, regional expansion and range of service offerings (2022: Number of market segments and specialisations)	Pages 65-67 – Business Growth	Increase revenue in sectors that are in demand Seek to expand our regional network in markets that we have operations in Expand our range of services in the HR space	Increase from 27 to 33 industry specialisations	Expand our suite of services within the HR spectrum with introduction of new products and industry specialisations We aim for consistent and sustained growth throughout varying market conditions. We aim to maintain our 10-year revenue CAGR at 9%
ECONOMIC AND GOVERNANCE	Cybersecurity and Data Protection 	Number of substantiated complaints concerning breaches of customer privacy	Page 66 – Cybersecurity and Data Protection	Zero confirmed incidences of leaks, thefts, or losses of customer data	Zero substantiated complaints concerning breaches of customer privacy	Zero confirmed incidences of leaks, thefts of customer data losses Continuously strengthen our cybersecurity, data protection and privacy measures
		Number of identified leaks, thefts, or losses of customer data		-	Zero identified leaks, thefts, or losses of customer data	
ENVIRONMENT	Doing Our Part for the Environment 	Energy consumption (See note 1) Water consumption (See note 1)	Pages 68-69 – Doing Our Part of the Environment	-	Tracking of energy consumption for Singapore offices	<ul style="list-style-type: none"> Progressively report environmental data of other regions in 2023 onwards Reduce paper consumption by 10% from 2022 baseline year by 2030 More involvement for SSC and STF to undergo sustainability trainings

Notes:

¹ The reporting scope for environmental data only covers the brands in our Singapore operations, which includes HRnetOne, RecruitFirst, PeopleSearch, YesPay!, Recruit Express, Recruit Legal, Search Asia and Octomate. This is the first year HRnetGroup is reporting on energy and water consumption for our operations. We will progressively report environment data of other regions in the future.

SUSTAINABILITY REPORT

BUILDING AND ENGAGING TALENT

TALENT RETENTION, DEVELOPMENT, AND ENGAGEMENT

As a professional recruitment firm, we are in the business of people. Human capital is the most essential asset and core competency to our business. We do not only share our deep expertise with our clients, but also strive towards a higher level of human resource management to better engage, develop and promote the well-being of our employees.

Talent Retention

In 2022, we have 863 permanent employees spread across 15 cities, a 2.9% increase compared to 2021. There is also a 2.8% increase in our outsourced contractors for the year.

Attracting talents, engaging our people and helping them progress are the key components of our company's growth strategy. We strive to create a conducive environment for our employee's personal and professional goals, honing their individual strengths and hence create a positive economic growth.

To identify suitable talent, we leverage the existing networks of our employees through our in-house referral programme and have structured incentives for our employee who made referrals to our job openings.

Our new hires are required to attend an onboarding process to acquaint themselves with HRnetGroup's policies and goals. This is conducted through various means of engagement, including HR orientation, Code of Conduct ("CoC") training, as well as instruction in our six core values and expected standards of behaviour. We also ensure that all employees are made aware of the channels that exist to redress their grievances and receive counselling via whistleblowing channels (see page 62). The implementation of these programmes is followed up with check-in sessions conducted by our business leaders a month after joining, to better integrate our new hires into our business operations. This also aids us in improving our orientation process and manage our new hires with the feedbacks obtained from every check-in session.

We believe strongly in ensuring that all of our employees are aware of their career progression map. This helps our employees to have a clear understanding of their career path and growth. It entails in-depth explanation on the criteria of each role, timeline for promotion, and our twice yearly performance management reviews ("PMR"). On a semi-annual basis, business leaders will review the prospects of employees identified as "high potential", and work with them to rotate their portfolios and roles across brands, geographies or even at group level. All of our permanent employees have received regular performance and career development reviews.

As we view our people as an important resource, cultivating long-term meaningful relationships with our employees is deeply important to us. In addition to opportunities for career development, we recognise the contributions of those who have dedicated 1, 3, 5, 7, 10, 15, 20, 25 and 30 years of service with our Long Service Awards.

We also strive to ensure our employees feel valued through our regular engagements with them through various channels. We do this to help our employees feel connected with the larger organisation and keep them up to date. Two of the ways we engage our employees include:

CRITICAL SUCCESS ACTIVITIES ("CSA")

CSA events are our quarterly company-wide employee engagement events.

GROUP ACTION MEET ENERGISE ("GAME")

GAME is a monthly call that brings together leaders from our various business units across 15 cities. Conducted via Zoom, the 1-hour call comprises updates on group level sales numbers across all Business Units. We also use this session to share trends, market insights, new initiatives, and business developments.

Our Co-Ownership scheme allows leaders who have a healthy history with the company to buy into the subsidiaries they run. This program is designed with the intention of aligning the interest of our employees and shareholders, as well as instilling a sense of pride and ownership in their work. As of 31 December 2022, 151⁴ employees have benefited from our Co-Ownership scheme, representing 17% of the permanent staff base. In 2021, the number of our employees under the scheme was 179, which was 21% of the permanent staff base.

In addition to fostering a sense of belonging to the organisation, we seek to connect our employees to the communities we operate in as part of our corporate social goals. We do this by encouraging our employee participation in our Corporate Social Responsibility initiatives (see pages 59-61).

HRnetGroup also believes in protecting the physical and mental health of our employees, which are important not only for our employees' career fulfilment, but also to improve the quality of services we are able to provide to our clients. All full-time employees are provided with life insurance, health care, disability and invalidity coverage, and parental leave.

We are proactive in our safety management and aim to create a safe working environment by maintaining our vigilance with Closed Circuit Television (CCTV) to monitor security.

Recognising there is more to wellness than just the physical aspects, it is our responsibility to look after the mental wellbeing of our people, with initiatives such as:

Wellness Exercises

We encourage our staff to inculcate a wellness exercise routine at the start of each day. Through deep breathing techniques, simple stretches and positive affirmations, we promote mindfulness and wellbeing to alleviate daily stressors.

Massage Sessions

Since 2019, we implemented massage sessions for our staff in Shanghai office on account of its stress relieving benefits.



⁴ Our 123GROW Plan has expired on 1 July 2020. As this is our existing Co-Ownership scheme, the number of employee in 2022 represents the remaining employee benefited from our 123GROW Plan as of 31 December 2022.

SUSTAINABILITY REPORT

Our total employee by employment type (2021 vs 2022)

Employee type ⁵	2021	2022	% change
Permanent employees ⁶	839	863	2.9%
Internal contractor employees ⁷	266	332	24.8%
Outsourced contractors	54,448	55,981	2.8%

Our employee by region

	Permanent employee		Internal contractor employees	
	2021	2022	2021	2022
Greater China	433	458	92	142
Indonesia	32	53	6	12
Japan	27	22	1	2
South Korea	9	11	-	-
Malaysia	56	55	14	30
Singapore	279	257	153	146
Thailand	3	7	-	-
Total	839	863	266	332

⁵ Our employee data are reported in headcount for the year ended 31 December 2022.

⁶ Permanent employees are HRnetGroup's employees under a full-time permanent contract.

⁷ Internal contractor employees are HRnetGroup's employees under a fixed term or temporary contract, some of which are part-time. Internal contractor employees differ from outsourced contractors under Flexible Staffing business (under HRnetGroup's payroll but work for HRnetGroup's clients in 2022).

TALENT DEVELOPMENT

All our employees are provided with a plethora of opportunities for professional development throughout their careers designed to bolster their competencies, as well as develop our employees with HRnetGroup's culture. This process begins prior to a formal onboarding, where new employees undergo a host of trainings with our welcome packs and induction programmes covering regulatory updates, cybersecurity, social media; HRnetGroup's employee code of conduct; and core competencies such as sales and negotiation techniques, effective communication, business reporting and leadership. We have meticulously designed opportunities for professional learning using a diverse set of medium so as to comprehensively prepare our people for constantly evolving demands of their jobs.

Our approach to talent development encompasses on-the-job, ad-hoc as well as frequent thematic training events. It is important to us that our employees are up to date on the latest activities and developments within the industry. A keystone component of our approach is the quarterly "Critical Success Activities" (CSA) which deal with topical business trends, to support our employees in their efforts to provide clients with impactful and relevant services. In 2022, we have covered topics such as finance, business, communication skills (e.g., improving their LinkedIn profiles) as well as mental wellness among others. This year we have also started a new Quality work training session to help our

employees focus on creating quality profile reports to our clients. We seek inputs from both business leaders from respective business units and our employees regularly to find ways for improvement in our training sessions.

We have achieved an average of 73 hours of training per employee in 2022, a 14% increase compared to 2021 which are mainly due to more physical trainings conducted during the year for team building, new training sessions such as Quality work training sessions for our existing employees and compulsory training programs for all newcomers including Comms orientation, Best self masterclass, Legal training and etc.

Our welcome packs and induction programmes

Our training modules teach practical strategies for presenting your best self at work.

Topics include:

- Building a great LinkedIn profile
- Projecting professionalism online and in person
- Public speaking

We provide a comprehensive experience for every employee we bring onboard.

TRAINING HIGHLIGHT: UNUSUAL EXCEPTIONAL PRACTICES ("UEP") LEADERSHIP MASTERCLASS

To further improve our employee skillsets, our UEP Leadership Masterclass was designed for our next generation leaders to enhance their skills, enable cross-regional learning and build upon their potential. The Masterclass program was conducted on 28th May 2022 to 29th October 2022, running on 11 sessions with 22 learning hours covered in total. This year, our topics centred on the core themes of People, Operational and Business Leadership.



SUSTAINABILITY REPORT

OUR PERFORMANCE

A breakdown of our efforts with regards to employee development and trainings (permanent employee only) in 2022 as stated below.

Average hours of training per employee (2022 vs 2021)



Average hours of training per employee, by gender	Male	Female
Total # of employees by gender	208	655
Total # of training hours provided to employees, by gender	15,131	47,647
Average hours of training per employee	73	73

Employees who received a regular performance and career development review in 2022, by gender	Male	Female
Total number of employees	208	655
Percentage of total employees by gender who received a regular performance and career development review in 2022	100%	100%

DIVERSITY AND EQUAL OPPORTUNITY

We believe promoting diversity and fairness not only creates a more constructive and equitable workplace, but also a more dynamic and functional workforce. Diversity extends far beyond nationality, race, gender and age groups, to background, experience, skills and knowledge. A diverse workplace engenders awareness and understanding, employee morale, creativity, and broadens our talent pool. By being inclusive, HRnetGroup is able to build capacity for better and deeper connections with candidates and clients.

Looking past arbitrary characteristics that divide us, HRnetGroup seeks for the right competency and attitude while hiring, as enshrined in our Equal Opportunities Policies. We encourage our clients to do the same. In any case of discrimination or non-compliance of our Equal Opportunities Policies, our employees may voice out their concerns through our whistleblowing channels anonymously. In 2022, we are pleased to report zero confirmed incidences of discrimination.

The traits we look to identify in potential employees is best encapsulated by the acronym PHD:

- Passion
- Hunger
- Self-Discipline

Moreover, we level our playing field across backgrounds and past experiences through offering equal learning opportunities to all employees, including interns and contract employees. Our approach to promotions and incentives also reflects entirely on their performance and merit. We ensure the right people are recognised for their work by having no limit to the number of promotions in each Business Unit.

OUR PERFORMANCE

Our diverse talent pool include:

Gender split by employment type (2021 vs 2022)

	2021		2022		% change	
	Male	Female	Male	Female	Male	Female
		%		%		%
Permanent Employees	218	26%	621	74%	208	24%
Outsourced Contractors	23,518	43%	30,930	57%	23,082	41%
Internal Contractor Employees	63	24%	203	76%	74	22%
					655	76%
					-5%	5%
					32,899	59%
					-2%	6%
					258	78%
					17%	27%

Permanent Employees

Breakdown by gender and by employment level (permanent employees, 2021 vs 2022)

	2021		2022		% change	
	Male	Female	Male	Female	Male	Female
Associate level	165	536	158	555	-4%	4%
Middle management level	42	59	38	65	-10%	10%
Senior management level	11	26	12	35	9%	35%
Total	218	621	208	655	-5%	5%

Breakdown by employment level and by age group (permanent employees in %)

	Associate level	Middle management level	Senior management level	Total	%
> 50 years old	7	3	12	22	3%
30-50 years old	288	87	35	410	47%
< 30 years old	418	13	-	431	50%
Total	713	103	47	863	100%
%	83%	12%	5%	100%	

SUSTAINABILITY REPORT

Outsourced Contractors and Internal Contractors⁸

Breakdown by age group (outsourced contractors and internal contractors in %)

Outsourced Contractors	2022	Internal Contractors	2022
> 50 years old	9%	> 50 years old	1%
30-50 years old	23%	30-50 years old	6%
< 30 years old	68%	< 30 years old	93%
Total	100%	Total	100%

Board of Directors

Board of Directors by gender

2021



2022



Board of Directors by age group

2021



2022



BUILDING CAPACITY IN THE LOCAL COMMUNITIES

We pride ourselves on the quality of our services we can deliver to our clients – our corporate clients and our candidates – as we believe these relationships are the key to building a resilient and sustainable business. We understand the needs of our clients, as well as our shared commitment to do business in a responsible and sustainable manner. We are also committed to contribute back to the society, by putting our effort in community investment and engagements through fundraising campaign, as well as providing job opportunities to the jobseekers.

We also have HeaRtbeats, an in-house digital platform we introduced since 2020 to streamline the collection of feedback from corporate clients and candidates. Our leaders regularly conduct Customer Satisfaction Surveys (“CSS”) for both corporate clients and candidates via HeaRtbeats app. The platform collects data about every component of our engagement journey with the client to help us continually identify the specific strengths and weaknesses of our processes. We also engage candidates in more casual settings i.e. social media platforms like Instagram and WeChat Live.



Candidates' retention and well-being

With our job placement services, HRnetGroup strives to provide better job opportunities for candidates and outsourced contractors.

To advance better employee-employer talent matching, our human resources team will begin with a *Position Profile Report* and attend close follow-ups with corporate clients to define their selected search parameters. We conduct a thorough screening and analysis based on factual interviews and suitability assessment to ensure that the potential candidate can be the right fit for the corporate client's criteria and corporate culture. We also match the candidates to jobs based on their interests, skillsets, pay grade and personal needs (e.g. able to travel, hybrid work arrangements).

Based on our assessment on each candidate, we then create *Candidate Profile Reports* for submission to our corporate clients to provide relevant information and advice. To extend our insights and market updates, we conduct alignment calls or email correspondences to review these selected candidates to assess how close a match to our corporate clients these candidates are. In addition to that, we also provide market overview and statistics to aid our corporate clients in gaining a better understanding of what is happening in the market in relation to the role that they need to fill.

With the increased demand on flexible staffing, we take considerable steps ensuring our outsourced contractors are readily equipped to serve when the need arises. Therefore, our business leaders and consultants run an imperative role monitoring the quality of our pool of resources, engaging with clients on behalf of our outsourced contracts on payroll processing, trainings, deployment as well as helping to negotiate better contract terms.

⁸ No prior year comparison on these disclosures as HRnetGroup is reporting these data by age group on outsourced contractors and internal contractors commencing in 2022

SUSTAINABILITY REPORT

Annually, HRnetGroup monitors our Net Promoter Score (“NPS”) which is a performance metric to measure our customer loyalty and satisfaction through several feedback mechanisms such as HeaRtbeats platform and CSS surveys. We are pleased to report that we have achieved 87.12 on a world-class score of Net Promoter Score in 2022.

HRnetGroup also takes accountability in ensuring our candidates’ retention and well-being in their newly placed jobs through regular follow-ups (i.e. one-, three- and six-month) with our candidates to check in on how they are doing and whether they have any concerns regarding their current roles and workplaces. The performance of the candidates that we have successfully placed are also part of the discussion during our Weekly Action Meeting (“WAM”) with our clients. Our consultants will then reach out to the candidates individually to ensure positive or negative feedback are aptly discussed.

We are also committed to help companies find suitable talents and providing our HR consultancy service to help companies to efficiently manage, engage and retain the recruited talents. Our provided services effectively screen through potential candidates that meet the job requirements, budget and the company culture. We also offer training and development to equip companies with better employee engagement and brand management.

Community investment and engagement

While putting our best foot forward in serving our clients and placing our candidates on a suitable career path, we also believe in creating positive social impacts by giving back to the community. We have various CSR initiatives and donations through HRnetLoves. We put our effort creating positive impacts to the local communities through our outreach activities.

In 2022, we have conducted various CSR activities under HRnetLoves and all of our HRnetGroup employees across the regions are encouraged to participate in our CSR events. Through our CSR campaigns held this year, HRnetGroup, together with our clients and candidates alleviated the danger to marine life, resolved the shortage of blood and donated more than S\$45,000 to 8 local beneficiaries in the respective cities.



Walk With Us, 3 September 2022

To commemorate HRnetGroup’s 30th anniversary, a Walkathon and Fundraising event (“Walk with Us”) was held in 11 cities – Singapore, Kuala Lumpur, Hong Kong, Tokyo, Shanghai, Beijing, Guangzhou, Seoul, Jakarta, Shenzhen, and Taipei concurrently on 3 September 2022.

The objective of this event was to support and give back to local communities. In each city, we walked a total of 5km, however, our team in Seoul, went a step further by walking a total of 10km. There were over 500 people that attended including our employees, clients, candidates and their family members. We donated S\$10 for every 1km walked and a total of S\$32,255, which was donated directly to the local beneficiaries we support in each city as follows:

SINGAPORE – CODE IN THE COMMUNITY (“CITC”)

Singapore’s largest program that provides free coding classes to increase coding interest amongst children from disadvantaged backgrounds.

TAIPEI – EDEN SOCIAL WELFARE FOUNDATION

An organisation dedicated to promoting the welfare of people with disabilities and other socially marginalised groups. With over 120 service centres in Taiwan, Eden’s services include vocational training, employment services, rehabilitation, long-term care service, and community reconstruction for disaster victims.

KUALA LUMPUR – TZU CHI FOUNDATION MALAYSIA

A non-governmental organisation actively reaching out to those in need. The organisation’s main missions include charity, medicine, education, humanistic culture, and environmental protection.

SHANGHAI – SHANGHAI SUNFLOWER COMMUNITY

A foundation committed to providing support by creating conducive learning environments for migrant children in Shanghai. These children come from second and third-tier cities in China and arrive in Shanghai with their parents who are looking for better opportunities there.

JAKARTA – YAYASAN KANKER ANAK INDONESIA

Indonesia Pediatric Cancer Foundation (Yayasan Kanker Anak Indonesia) is an independent non-profit organisation helping children with cancer from underprivileged families in Indonesia. Established in 2004, the foundation provides assistance with treatment, education, transportation, and support for children with cancer.

SEOUL – ANGEL HOUSE ORPHANAGE

A community home for those with disabilities. Their residents all have a mental or physical disability and are between 1 and 70 years of age.

HONG KONG SAR – THE COMMUNITY CHEST OF HONG KONG

The Community Chest is committed to addressing society needs, proactively assisting the underprivileged and building a caring society in Hong Kong.

TOKYO – MAKE-A-WISH FOUNDATION

A non-profit organisation founded in the United States that seeks to fulfil the wishes of critically ill children between the ages of 3 and 18 years old. Funding goes to support their wishes which consist of trips, experiences and meeting certain celebrities.



SUSTAINABILITY REPORT

Japan Beach Clean-Up in Japan, 29 May 2022

Kickstarting our 2022 CSR campaign is our second Beach Clean-Up held in Japan on 29 May 2022. Organised by a non-profit organisation, Umisakura Group, and as part of a collective event by various organisations, 10 consultants from HRnetOne Japan and 3 of their family members volunteered to turn the shores of Enoshima Beach clean and safe for the marine animals endangered by the unwanted litter.

Under the blazing hot sun with the temperature rising to 30°C, our relentless volunteers combed the different areas of the beach and walked 4.23km in 2.5 hours. We took this opportunity to bond with our colleagues and their family members who forked out their precious time to participate in this meaningful event.



Taiwan Blood Donation Drive in Taiwan, 1 June 2022

We partnered with Taipei 101 to alleviate the shortage of blood banks in the country during the pandemic period. Held at the doors of Taipei's skyscraper, we collected 241 bags of blood bravely donated by our staff, clients, and candidates.



Singapore Sustainable Christmas Express Market, 3 December 2022

Ending off the year on a good note, Recruit Express, in conjunction with SG Cares Giving Week, indulged in the season of festive gifting through hosting a Sustainable Christmas Express Market.

Held on 3 December 2022 at Our Tampines Hub, artisanal gifts, eco-friendly merchandise and handmade products were sold. Partner vendors were invited to set up their booths free of charge, with a commitment that 20% of sales proceeds go to the non-profit organisation, Zero Waste SG. 23 homegrown brands were featured as Christmas Express to promote environmental awareness in this season of gifting. Workshops were held throughout the day for members of the public to learn how to make beeswax wraps, foam wash and handmade diffusers, as well as decorate Christmas cookies and muffins.

To do our part for charity, a majority of us sold quality pre-loved items such as clothes, books and toys for those looking for sustainable bargains.

At HRnetGroup, we believe in fulfilling our corporate responsibilities while bringing positive changes to society by helping the community and the environment at large.



SUSTAINABILITY REPORT

SOUND GOVERNANCE FOR A STRONG AND SUSTAINABLE BUSINESS GROWTH

ENSURING BUSINESS INTEGRITY AND COMPLIANCE

Ensuring strong governance and ethical business practices plays a significant role in our business operations. We are aware of the negative impacts non-compliance will lead to, including reputational damages, costly fines, and loss of trust from our valuable stakeholders that we have worked so hard to foster.

As a leading player in the heavily regulated recruitment industry, HRnetGroup views trust and reputation as the two critical pillars of our business. By extension, we embed these principles in our Code of Conduct and compliance trainings to ensure that these values trickle down to all that we do, holding all our employees and our stakeholders to the highest of professional standards.

Our Code of Conduct

Our Employee Code of Conduct (“CoC”) detailed in our Employee Handbook that we distribute to all staff clearly lays out the expectations that we as a company have for our people.

This encompasses important topics such as:

- Fraud
- Bribery (including gifts policy)
- Segregation of duties
- Business ethics (including behaviour on public platforms such as social media)
- Dealings with candidates and clients

Our new employees are required to undertake training, pass online assessments, and make declarations on various critical topics such as insider trading, anti-corruption and anti-bribery, anti-money laundering, cyber security, protection of personal data and whistle blowing during their onboarding process.

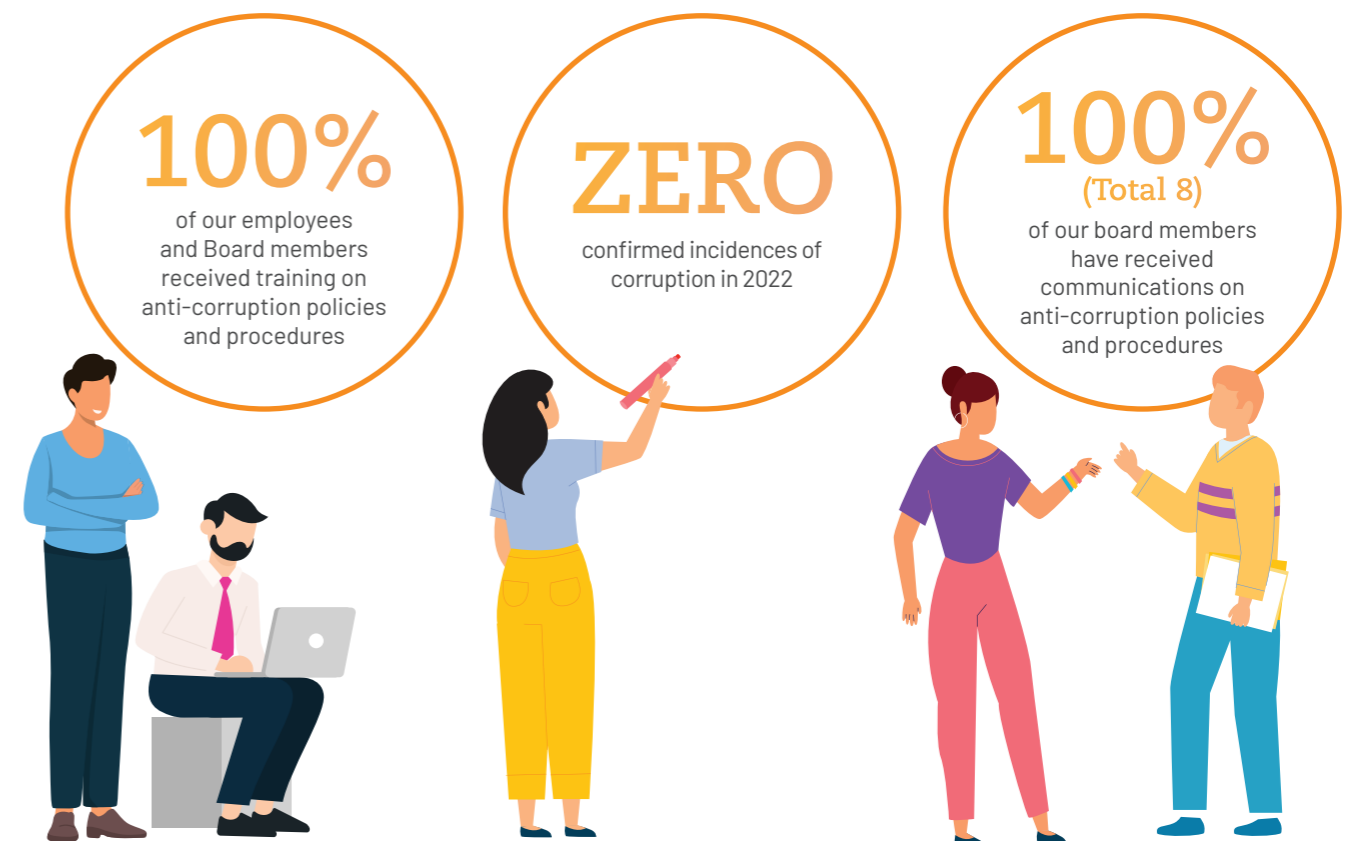
We further emphasised the importance of these principles throughout our employees’ journey through annual mandatory training refresh, online assessments and declarations on independence and conflict of interest.

In 2022, we decided to focus one of our quarterly Critical Success Activity (“CSA”) event across all business units on our CoC. As part of this, all staff are divided into focus groups with a specific CoC topic assigned and tasked to design and deliver the concepts and applications at the CSA.

In addition to pre-emptive measures to inculcate an intrinsic respect for our Employee CoC, HRnetGroup has put in place whistleblowing channels for employees and external parties to voice out their concerns regarding incidents of non-compliance and misconduct. We make sure our whistleblowing policy has proper safeguards against any adverse actions on employees who raise their concerns. Our whistleblowing channel has been made available to all employee via internal HR portal.

More information kindly refer to page 97 in our Annual report 2022.

Beyond the standards we have developed internally, we are also committed in the participation of Tripartite Alliance for Fair and Progressive Employment Practices in Singapore and relevant guidelines internationally. To ensure our employees are familiar with the recent changes to the Fair Employment Guideline topics, we have conducted a compulsory refresher training on 28 November 2022 for all of our employees.



Number and type of employee who received anti-corruption trainings in 2022

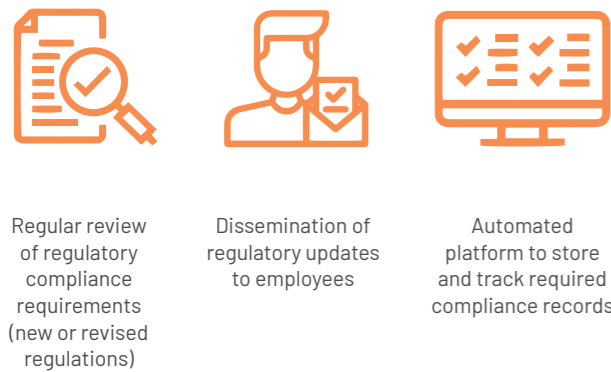
2022	Total	2022	Singapore	China	Japan	United Kingdom ⁹
Permanent employees	863	Board members	5	1	1	1
Internal contractors	332					

⁹ This includes our newly appointed independent director, Albert Ellis in October 2022 based in London, United Kingdom.

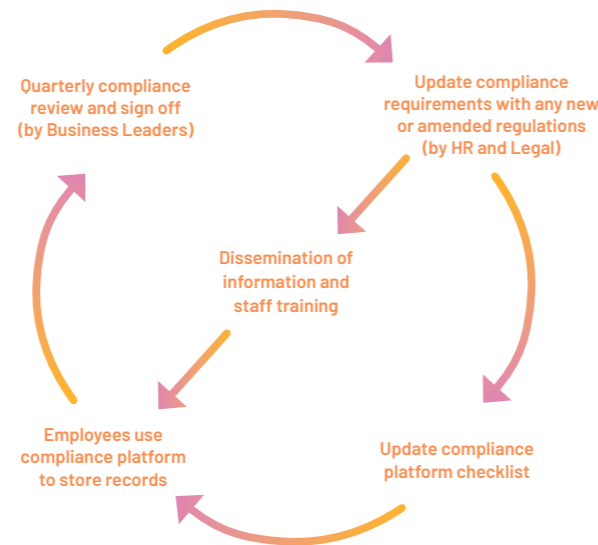
SUSTAINABILITY REPORT

ENSURING REGULATORY COMPLIANCE

Given the diverse set of regulatory contexts HRnetGroup operations are subjected to, across 15 cities, it is imperative for HRnetGroup to keep updated on each location's statutory and regulatory requirements. We continue to uphold our in-house regulatory compliance management framework consisting of three key pillars:



We have integrated these three pillars into our business operations in all our regional offices. We are proud to report zero incidences of non-compliance with laws and regulations in the social and economic area in year 2022.



1. Regular review of regulatory compliance requirements (new or revised regulations)

Upon the announcement of a new or change in regulations, our HR and Legal departments are responsible for assessing the implementation to our business and processes.

Once revisions are deemed necessary, our key contacts in each city will then check into respective compliance system and update the local regulatory requirements.

Where necessary, management will revise our business and risk management systems according to relevant updates (e.g., update contract clauses, compliance checklist, policies, etc.).

2. Dissemination of regulatory updates to employees

We utilise a variety of engagement methods to ensure our people are fully up to date on new regulatory frameworks and announcements.

Our engagement includes:

- Critical Success Activities ("CSA")
- Group Action Meet Energise ("GAME")
- Trainings on critical issues both internally and externally facilitated, where necessary.

3. Automated platform to archive and track required compliance records

Since 2021, we have rolled out our E-compliance system that automates our compliance records, replacing paper documentations. This provides automated process to better manage our storage and status tracking by giving timely alerts to our employees.

Compliance checklists in the compliance platform are regularly updated based on advice from our HR and Legal departments. The status of the compliance submissions will be reviewed by our Group Chief Financial Officer, who will check the compliance submissions status before signing off quarterly.

BUSINESS GROWTH

We believe maintaining a healthy financial growth is important to provide better livelihoods to our employees, obtain stronger trust from our investors including our Co-Owners, and improve our standard of service for our clients. At the same time, our financial sustainability is tied to our continued ability to provide job placements for our outsourced contractor staff and candidates. Our financial key performance highlights can be readily accessed at pages 23-31 of the Annual Report.

Our strategy and measures to manage our financial health include:

Established monitoring systems

Selected metrics such as number of candidates and outsourced contractor placements are used to track our business volume. We used an estimate of gross profit per placement and gross profit per monthly contractor placed to reflect our pricing and the level of talents placed. In addition, sales are also tracked online daily on business unit levels, with weekly sales reports and quarterly business reviews on a wider company level.

Our Accounts Receivable (AR) collection risk are also monitored on a weekly basis to minimise bad debt.

Aligning our staff incentives to sales performance

A percentage of our operational profits is reserved to reward our performing sales staff in a profit-sharing incentive scheme. We measure our staff productivity using a ratio of fixed to variable compensation. To qualify for the profit-sharing, the individual staff needs to earn a gross profit at least three times his/her payroll cost within a profitable business unit.

Staying updated with the latest industry trends and regulations

To sustain our financial performance, we are driven to stay updated on upcoming business trends and risks, and make informed investments in sectors and services that are in demand. Our business leaders from all 15 cities meet for GAME sessions where they share trends, market insights, new initiatives, and business developments.

Investment in capacity building

We recognise the imperative to set up our staff for success by equipping them with the necessary skillsets for their job scope as part of our talent development program. Enhancements are included in our workflows, increasing efficiency of our work activities and our customer service offerings. This year, we have continued integrating several enhancements into our existing products and program to improve our business operations.

- EASE HR mini app
 - App updated with Claims support for RecruitFirst Shanghai contractors and internal China staff
- EASE HR mobile – Claims support
 - An update that allows users to submit claims directly via mobile app
- EASE HR Timesheet scheduling
 - Clients can now roster their staff from within the program
- EASE HR 2FA & Password Policy
 - Enhanced security feature
- CPR (Candidate Profile Report)
 - Automated approvals on candidate profiles
 - Inclusion of banner and logo that allows for customisation of information
- IES (Integrated Executive Search) + Teams meeting integration
 - Teams is incorporated into our candidate database platform to allow for easy set-up of interviews. All completed within the platform without the need to navigate multiple programs
- IES + RFS Telegram job posting/ bot
 - Update allows for jobs ads to be posted easily into Telegram – a platform where a lot of our candidates are on and go to for job opportunities
- MALA – Manual Letter of Agreement support
 - Our existing Electronic Letter of Agreement (ELLA) program is a fully digital process. However, some clients require the signing of the Letter of Agreement to be done in a physical format. Manual LA (MALA) allows for the physical forms to be easily integrated into a digital flow

SUSTAINABILITY REPORT

With the launch of each new initiative, our IT and communication teams work together to roll out training and gather feedback from end-users to facilitate smooth and successful implementation.

Regular stakeholder engagement

We maintain regular dialogue and engagement with the investment community to provide relevant information on the Group's corporate strategy, operational performance, and business. We actively seek their feedback to provide management with regular updates of market perceptions and keep track on our return on equity closely. Our Investor Relations Policy guides HRnetGroup's engagement with the investment community, including our shareholders, potential investors, and equity analysts. These policies are available at our corporate website at <https://hrnetgroup.listedcompany.com/>.

We continue to value our relationships with our long-term clients. Our top 5 clients¹⁰ have been with us for an average of 19 years. At the same time, we seek new client relationships as we expand our regional network and deepen penetration in our existing markets. We have established a customised and in-house approach for advancing and setting up new businesses by roping in existing employees with proven high performance and who are willing to co-invest in the start-up. This approach has served us well as we seek to expand our regional network across 15 cities and deepen penetration in market that we have operations in.

CYBERSECURITY AND DATA PROTECTION

With the increased digitalisation of our recruitment process, people management and outsourcing work, we take responsibility to prevent potential risks from scams, malware attack, data and cybersecurity breaches. To protect our stakeholder's interests and maintain their trust, it is crucial for HRnetGroup to safekeep the personal and sensitive data of our clients, candidates, temporary/contract employees, and our own employees responsibly. We take proper safeguards complying with all applicable laws in all our areas of operations, such as the Cybersecurity Act and the Personal Data Protection Act ("PDPA") in Singapore as well as relevant legislation in Thailand, Indonesia, Malaysia, Japan and South Korea.

In the effort of preventing cybersecurity incidents and protecting our clients' personal information. We employ two main strategies as follows:

- Protection of our assets and systems – including our computers, laptops, iPads, phones, and offices where personal and sensitive information are kept
- Provide annual comprehensive trainings to our employees to be security aware

Our cybersecurity and data protection strategies are supported by our data protection policies, which sets out clear guidance on data management and employee training requirements.

This year, we are pleased to report that there were zero substantiated complaints concerning breaches of customer privacy and losses of customer data, and zero identified leaks, thefts, or losses of customer data in 2022.

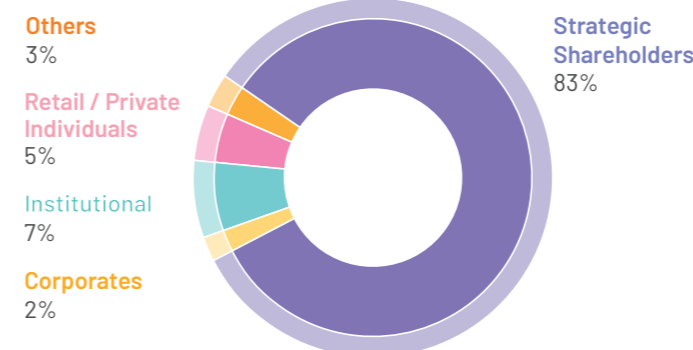
Defending Our Assets and Systems

We have our in-house dedicated information and technology (Tech) team who is responsible in fortifying our business operations' cybersecurity defences. During the year, with our offices resumed back to normal after the ease of the pandemic, our Tech team has worked the extra mile to maintain our security measures, with progressive replacement of outdated IT equipment and implementing measures to further safeguard against data leaks and thefts.

Keeping up our cybersecurity and data protection awareness

As a people business, HRnetGroup views personal data protection and cybersecurity awareness as an essential skill for its employees. All new hires must undergo training on cybersecurity and protection of personal data. All of our employee is required to attend the trainings yearly to ensure they are kept up to date with the recent cybersecurity and malware attacks news.

OUR SHAREHOLDER BASE



Source: HRnetGroup, Orient Capital

Note: Strategic Shareholders include SIMCO Global Limited which is controlled by the SIM Family, and the 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 profits, after adjusting for one-offs and other exceptional items.

We propose to reward our shareholders with a total dividend of 4.0 Singapore cents per ordinary share representing a payout of 55% of net profit after tax in 2022. The total dividend is an aggregate of 2.13 Singapore cents interim dividend paid on 6 September 2022 and 1.87 Singapore cents final dividend subject to shareholders' approval at the upcoming Annual General Meeting.

SELECTED INVESTMENT METRICS

	2021	2022
Share Price (S\$)		
Highest	0.830	0.820
Lowest	0.520	0.675
Average	0.710	0.771
Closing	0.805	0.785
Market Capitalisation (S\$ million)^a	808.0	777.9
Enterprise Value (S\$ million)^b	511.4	519.6
Price-to-earnings ratio (x)^c	10.9	11.4
EV / EBITDA ratio (x)	5.5	5.6
Dividend per share (Singapore cents)	4.0	4.0
Dividend yield (%)^c	5.6	5.2
Payout ratio (%)	57.1	54.7
Total 1-year shareholder return (%)	50.9	2.5
Basic EPS (Singapore cents)	6.53	6.75
Diluted EPS (Singapore cents)	6.53	6.75
Return on average ordinary shareholders' equity (%)	18.7	18.5

^a The year-end closing share prices are used in computing the market capitalisation.

^b Enterprise value equals market capitalisation plus non-controlling interest and total debt minus cash & cash equivalent, at year end.

^c The daily-average share prices are used in computing these ratios.

¹⁰ Top 5 clients for the year are determined based on the attributed business revenue for the year. A long business relationship indicates repeat business from these major clients.

SUSTAINABILITY REPORT

DOING OUR PART FOR THE ENVIRONMENT

HRnetGroup is aware of the existential threats posed by climate change, and the consequences of natural resource depletion to our operations and surrounding communities. We understand the need to play our part, and to address the heightened expectation for transparency from shareholders, clients and regulators regarding the carbon footprints of our value chain and actions to mitigate this.

We have engaged an external consultant to assist us as we commence our tracking of environmental performance to better manage our environmental impact and contribute towards global sustainability efforts. For 2022, we have focused our efforts on improving our water management, waste management and energy use in our offices.

INCREASING WORK EFFICIENCY WHILE GOING PAPERLESS

Waste management

We continued our efforts in reducing waste and, making our daily office operations more efficient while going paperless. With our group-wide initiatives transitioning to paperless, we are glad to gradually reduce our paper waste year by year. Our paper costs decreased by 12% (\$130,000) in 2022 compared to 2021 (\$147,000).

Our ongoing initiatives this year:

- Digital candidate forms
- Electronic contracts digitally signed via HelloSign*
- Digital Letter of Appointments
- E-invoices**
- E-wallet for payrolls
- EASE App for all aspects of the employment relationship

*Paper contracts are provided when requested by clients

**With exception in some countries where we are required by law to safekeep paper copies.

SELECTING ECO-FRIENDLY BUILDINGS FOR OUR OFFICES

In 2022, 14 out of our total 25 office buildings are now in green buildings.

1. Guangzhou – CTF Finance Centre (LEED Gold Certification)
2. Hong Kong – Central Plaza (83 HK-BEAM rating)
3. Kuala Lumpur – Q Sentral (GBI Gold Certified)
4. Taipei – Taipei 101 (LEED Platinum level)
5. Singapore – Ngee Ann City (BCA Green Mark award)
6. Singapore – UOB Plaza 1 (Green Mark GoldPlus certification award)
7. Beijing – China Central Place Tower 3 (LEED Platinum certification)
8. Chengdu – Pingan Finance Centre (LEED Gold award)
9. Guangzhou – Development Centre (National Green Building Innovation Prize – First Prize)
10. Shenzhen – China Resources Building (LEED Gold award)
11. Suzhou – Suyue Square (LEED Gold award)
12. Shanghai – IAPM (LEED Gold award)
13. Singapore – Raffles Place UOB Tower (Green Mark Gold Plus in 2017)
14. Bangkok – AIA Sathorn Tower (Thailand Property Awards 2015 – Best Green Development)

In 2022, we have started collecting data such as energy and water consumption¹¹ in Singapore. Moving forward, we target to expand our data collection efforts beyond Singapore region and will look at implementing several environmental key performance indicators such as Greenhouse Gas Emissions (GHG) to quantify the impact of our efforts. This will allow us to identify critical areas of improvement to inform our next steps and optimise the efficiency of our environmental sustainability efforts.

OUR PERFORMANCE

Energy consumption within the organization (Tj¹²)

	2022
Non-renewable fuel	-
Renewable fuel	-
Purchased electricity ¹³	0.59
Total	0.59

Water consumption (Megalitres)



STARTING OUR TCFD JOURNEY

HRnetGroup has embarked on our Task Force on Climate-Related Financial Disclosures (TCFD) reporting journey this year. The assessment of climate-related risks and opportunities under the TCFD framework helps us to better anticipate and prepare for future climate events. The disclosures provide stakeholders with forward-looking, useful information regarding our approach to managing climate risks. We have provided a summary below of our responses and actions to meet each component of the TCFD framework with guidance from SGX Sustainability Reporting guidelines. As this is our first year of TCFD reporting, we are taking a phased approach towards full compliance with TCFD recommendations and aim to have more progressive disclosures in subsequent years. The following diagram details our phased climate risk management approach in accordance with the TCFD recommendations.

Governance

Climate-related risks and opportunities are managed as part of overall ESG risk management within our sustainability governance structure. As we complete our assessment of climate risks and opportunities, our Board and senior management team are involved in reviewing the results and evaluating the possible impacts of climate risks and opportunities when developing HRnetGroup's strategies, business planning and risk management.

Please refer to 'Sustainability Governance structure' section for more information on page 40.

Strategy

For the initial phase this year, a groupwide assessment was undertaken to identify and qualitatively assess the potential impacts of climate-related physical and transition risks and opportunities. This helps us to identify potentially significant risks and opportunities for more detailed assessment in the coming year. The identified transition and physical risks were assessed for the following time horizons and temperature scenarios:

Timeframe:

- Short to Medium-term: Now to 2030
- Long-term: Within the next 30 to 40 years (by 2050)

Global warming scenarios:

- A lower temperature rise scenario at 1.5°C by 2050/2100
- A higher temperature rise scenario at >4°C by 2050/2100

¹¹ Our basis of calculation used for both energy and water consumption are based on actual utility bills invoiced for our office buildings. As HRnetGroup only started collecting environmental data from FY2022, our energy and water data only cover Singapore offices. Other regions are excluded due to lack of complete data during the reporting period. HRnetGroup aims to account the energy and water consumption from other region moving forward.

¹² 0.0000036 is the conversion factor used for Tj/kWh.

¹³ Our electricity consumption data covers only Singapore offices, which includes HRnetOne, RecruitFirst, PeopleSearch, YesPay!, Recruit Express, Recruit Legal and SearchAsia and Octomate.

¹⁴ Our water consumption only includes HRnetOne and RecruitFirst in Singapore, which is one of the water stress area among our region.

SUSTAINABILITY REPORT

POTENTIAL CLIMATE-RELATED RISKS AND OPPORTUNITIES UNDER THE TCFD FRAMEWORK

Key Risks	Potential impact on HRnetGroup's business		Risk levels	
	Business Impact	Financial Impact	1.5°C Scenario	>4.0°C Scenario
<p>Transition risk (Reputation)</p> <p>Increased stakeholder concern</p> <p><i>Short, medium, and long-term</i></p>	<p>Given that HRnetGroup's shareholder base consists largely of strategic (83%) and institutional investors (7%), HRnetGroup will face higher regulatory pressure to reduce carbon emissions and adopt innovative solutions to do so. As investors are placing greater significance on ESG issues, the ability of HRnetGroup to attract new funds and investors to expand the group may be reduced if HRnetGroup does not align with stakeholders' expectations.</p>	<p>Loss of reputation amongst stakeholders leads to reduced capital investment from investors/ relevant stakeholders who view climate risk as a priority.</p>	High risk	High risk
	<p>HRnetGroup faces the possibility of losing talent, especially young talent, upon not committing to an environmental cause and not being able to instill a sense of meaning amongst their workers. This will reduce HRnetGroup's competitiveness as a recruitment agency with a business focus on younger employee demographics.</p>	<p>Smaller talent pool for HRnetGroup may reduce business competitiveness leading to lower revenue</p>	Medium to low risk	Medium risk
<p>Transition risk (Policy/legal) (Reputation)</p> <p>Mandates on and regulation of existing products and services</p> <p>Enhanced emissions reporting obligations</p> <p><i>Short, medium, and long-term</i></p>	<p>Carbon tax directly affects higher emitters in Singapore. However, there will nevertheless be a downstream impact to everyone in the supply chain including HRnetGroup.</p> <p>Furthermore, there may potentially be an impact on the reputation of HRnetGroup if strict compliance is not followed regarding climate disclosures. This is mostly a near-term risk as enhanced reporting obligations are being developed and imposed. As time passes, the level of risk may be less significant as the reporting requirements become part of the usual company annual reporting.</p>	<p>The increasing energy costs will lead to higher operating costs.</p> <p>Inability to comply with laws and regulations including reporting requirements may lead to fines or penalties.</p>	Medium risk	High risk

Key Risks	Potential impact on HRnetGroup's business		Risk levels	
	Business Impact	Financial Impact	1.5°C Scenario	>4.0°C Scenario
<p>Physical risk (Acute)</p> <p>Increased frequency of extreme weather conditions such as cyclones, floods, and earthquakes</p> <p><i>Medium and long-term</i></p>	<p>Extreme weather events such as floods or cyclones may damage operation sites and therefore compromising flexible staffing business which is one of HRnetGroup's main business operations.</p> <p>Furthermore, the impact of increased frequency extreme weather is more apparent amongst Asian growth cities. Given HRnetGroup's high focus on Asian growth cities, the geographies targeted by this physical risk are critical to HRnetGroup's business.</p>	<p>Reduced revenue due to flexible staff temporarily/ permanently losing jobs due to floods/ cyclones/ other extreme weather events damaging factories and operation sites.</p>	Medium to low risk	Medium risk
<p>Physical risk (Chronic)</p> <p>Rising mean temperatures</p> <p><i>Medium and long-term</i></p>	<p>Increased general health problems caused by rising mean temperatures may cause higher levels of absenteeism and reduced operating efficiency of employees. This will negatively impact HRnetGroup talent pool's workforce capacity.</p> <p>Higher temperatures also lead to higher energy utilisation and costs required from HRnetGroup to provide suitable working environments for their employees (e.g. air conditioning).</p>	<p>Reduced revenue from the reduced working capacity of employees, both for HRnetGroup itself and within HRnetGroup's professional recruitment services.</p> <p>HRnetGroup will face higher operating costs due to higher energy utilisation, or energy efficiency improvement projects assuming landlords passed on the cost of investing in energy efficiency to HRnetGroup.</p>	Medium risk	High risk
<p>Transition risk (Market)</p> <p>Uncertainty in market signals</p> <p><i>Short, medium, and long-term</i></p>	<p>As capital shifts away from carbon-intensive industries and into more environmentally friendly industry, there may be a market shift in talent demand for which HRnetGroup conducts recruitment services for.</p>	<p>HRnetGroup's market share may be reduced resulting in lower revenue if HRnetGroup does not identify the changing demand on a timely manner to tilt toward growing industries and adapt to changing labor market trends.</p>	Medium risk	High risk

SUSTAINABILITY REPORT

Key opportunities	Potential impact on HRnetGroup's business		Potential opportunity levels	
	Business Impact	Financial Impact	1.5°C Scenario	>4.0°C Scenario
Products and services Ability to diversify business activities <i>Short, medium, and long term</i>	Increased regulatory pressure (e.g. carbon tax) to reduce emissions lead to increased business for sustainability-related employment. There is a growing market for staff to keep track of/report/ reduce emission levels as companies face more pressure to reduce emissions.	Increased demand for a specific type of recruitment service resulting in increased revenue for HRnetGroup upon clients seeking for HRnetGroup's help to search for the specific talent pool.	Potential significant opportunity	Potential significant opportunity
Resilience Adoption of energy-efficiency measures <i>Short, medium, and long term</i>	Given that HRnetGroup makes home in eco-friendly buildings such as CTF Financial Center (Guangzhou, LEED Gold) and Central Plaza (Hong Kong, 83 HK-BEAM rating). HRnetGroup is also exploring other potential sustainability measures to reduce GHG emissions. This will potentially help HRnetGroup to mitigate the rising costs of carbon prices hence reducing additional operating expenses.	Better management of energy use may result in potential savings through reduced operating costs.	Potential minor opportunity	Potential minor opportunity

Based on our initial high-level assessment, our key climate risks are associated with potential compliance and reputation risks related to meeting enhanced climate-reporting requirement, as well as meeting our stakeholders' expectations. We are currently working on establishing our climate-related disclosures for our stakeholders starting with this inaugural TCFD reporting. As we have multiple clients in various countries, we also face a potential risk of losing revenue from our flexible staffing business should our clients' business get adversely affected by more stringent sustainability requirements or extreme weather events. As part of our next climate risk assessment, we intend to do a more detailed study to assess our exposure to climate risks through our clients for select key client industries and countries. HRnetGroup is also looking into the mitigation plans to address our key risks identified and will enhance our disclosures as we progress in our TCFD reporting journey.

Nonetheless, we have identified a significant opportunity in terms of access to new job markets given increasing demand for ESG and carbon management professionals. In addition, through adoption of energy efficiency measures within green office buildings, we can also reduce our own Scope 2 emissions.

We are committed to continuously assess the impacts of climate-related risks and opportunities under the TCFD framework according to the phased approach to help us anticipate and prepare for future climate events relevant to our businesses better.

Risk management

We have conducted an initial assessment of climate-related risks and opportunities for our groupwide operation as we embark on TCFD reporting this year. Moving forward, we have engaged an external consultant to perform more detailed assessment for selected key risks to inform measures for managing the climate-related risks and capitalising on the opportunities.

Our Sustainability Task Force also continuously monitors all current events and regulatory updates in the geographic regions where our operations are active in order to safeguard against transition risk, such as emissions reduction policies that are implemented on a regional level. Climate-related regulatory changes with potential significant impact to HRnetGroup's operations are flagged to our senior management team for review and action.

Metrics and targets

HRnetGroup is working to collect the required information to establish our GHG emissions inventory, starting with Scope 1 and Scope 2 emissions in the next reporting year. We will look into establishing suitable metrics and targets for assessing our climate risk management performance upon completion of our more detailed climate change risk assessment in the following years.

GRI CONTENT INDEX

This report has been prepared in accordance with the GRI 2021. The table below presents our GRI content index, which specifies the GRI Standards used in this report together with references to where the information can be found or reasons for omission.

Statement of use	HRnetGroup Limited has reported in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None; GRI Sector Standard for the human resource industry is not yet available

GRI TOPICS		STAKEHOLDERS	NOTES/PAGE NUMBER(S)
GENERAL DISCLOSURES			
GRI 2: General Disclosures 2021	Organisational Profile		
	2-1	Organisational details	HRnetGroup Limited 391A Orchard Road, #23-06 Ngee Ann City Tower A, Singapore 238873 Page 34 ("About this report" section)
	2-2	Entities included in the organisation's sustainability reporting	Page 34
	2-3	Reporting period, frequency and contact point	Page 34
	2-4	Restatements of information	No material misstatements in FY2022
	2-5	External assurance	Page 35
	Activities and Workers		
	2-6	Activities, value chain and other business relationships	Pages 2-11, 34
	2-7	Employees	Pages 50-57
	2-8	Workers who are not employees	There was a total of 21 workers who are not our employees and whose work or workplace is controlled by HRnetGroup in 2022. It relates to the workers hired in contract for services ("CFS"), i.e., part-timers, university ambassadors, and interns.
	Governance		
	2-9	Governance structure and composition	Pages 40, 82-84
	2-10	Nomination and selection of the highest governance body	Pages 85-87
2-11	Chair of the highest governance body	Page 40	
2-12	Role of the highest governance body in overseeing the management of impacts	Page 79	
2-13	Delegation of responsibility for managing impacts	Pages 82-83	

SUSTAINABILITY REPORT

GRI TOPICS		STAKEHOLDERS	NOTES/PAGE NUMBER(S)																
	2-14	Role of the highest governance body in sustainability reporting	Page 40																
	2-15	Conflicts of interest	Page 62																
	2-16	Communication of critical concerns	Page 62																
	2-17	Collective knowledge of the highest governance body	Page 83																
	2-18	Evaluation of the performance of the highest governance body	Page 88																
	2-19	Remuneration policies	Pages 89-90																
	2-20	Process to determine remuneration	Pages 89-90																
	2-21	Annual total compensation ratio	<table border="1"> <thead> <tr> <th>Region</th> <th>Annual total compensation ratio</th> </tr> </thead> <tbody> <tr> <td>Greater China</td> <td>17.31</td> </tr> <tr> <td>Indonesia</td> <td>25.45</td> </tr> <tr> <td>Japan</td> <td>7.47</td> </tr> <tr> <td>South Korea</td> <td>4.54</td> </tr> <tr> <td>Malaysia</td> <td>7.45</td> </tr> <tr> <td>Singapore</td> <td>16.91</td> </tr> <tr> <td>Thailand</td> <td>1.38</td> </tr> </tbody> </table> <p>Our annual compensation ratio is calculated based on actual compensation (gross salary) paid for the year ended 31 December 2022 for each region over median annual total compensation for all of the organization's employees excluding the highest-paid individual.</p>	Region	Annual total compensation ratio	Greater China	17.31	Indonesia	25.45	Japan	7.47	South Korea	4.54	Malaysia	7.45	Singapore	16.91	Thailand	1.38
Region	Annual total compensation ratio																		
Greater China	17.31																		
Indonesia	25.45																		
Japan	7.47																		
South Korea	4.54																		
Malaysia	7.45																		
Singapore	16.91																		
Thailand	1.38																		
Strategy, Policy and Practices																			
	2-22	Statement on sustainable development strategy	Page 39-40																
	2-23	Policy commitments	Employee Code of Conduct ("CoC"), Whistleblowing policy, Investor Relations Policy, Equal Opportunities Policy, Board Diversity Policy, Tripartite Alliance for Fair and Progressive Employment Practices in Singapore																
	2-24	Embedding policy commitment	Page 64																
	2-25	Processes to remediate negative impacts	Page 62																

GRI TOPICS		STAKEHOLDERS	NOTES/PAGE NUMBER(S)
	2-26	Mechanisms for seeking advice and raising concerns	Page 62
	2-27	Compliance with laws and regulations	Pages 35, 62-63
	2-28	Membership associations	Shanghai Legal Society and Taipei Employment Service Institute Association - HRnetOne Taiwan and PeopleSearch Taiwan
Stakeholder Engagement			
	2-29	Approach to stakeholder engagement	Pages 41-42
	2-30	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements.
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Page 39
	3-2	List of material topics	Page 39
	3-3	Management of material topics	See respective material topics
MATERIAL TOPICS			
Building and Engaging Talent			
Talent Retention, Development and Engagement			
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 51
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Page 54
	404-3	Percentage of employees receiving regular performance and career development reviews	Pages 50, 54
Diversity and Equal Opportunity			
GRI 405: Diversity & Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Pages 54-56
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Page 56
Building Capacity in the Local Communities			
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	Pages 57-61
GRI 203: Indirect Economic Impacts 2016	203-2	Significant indirect economic impact	Pages 57-61
Sound Governance for a Strong and Sustainable Business Growth			
Ensuring Business Integrity and Compliance			
GRI 205: Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption	Page 63
	205-2	Communication and training about anti-corruption policies and procedures	Pages 62-63
	205-3	Confirmed incidents of corruption and actions taken	Zero incidents of corruption in 2022

SUSTAINABILITY REPORT

GRI TOPICS		STAKEHOLDERS	NOTES/PAGE NUMBER(S)
Business Growth			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Pages 23-31
	201-4	Financial assistance received from government	Page 31
Cybersecurity and Data Protection			
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 66
Doing Our Part for the Environment			
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Page 69
GRI 303: Water and Effluents 2018	303-5	Water Consumption	Page 69

SGX COMMON METRICS CONTENT INDEX

The following table reports our performance for the set of 27 common core ESG metrics identified by SGX.

TOPIC	METRIC	UNIT	GRI DISCLOSURE	HRNETGROUP 2022 PERFORMANCE
ENVIRONMENTAL METRICS				
Greenhouse Gas Emissions	Absolute emissions by: (a) Total, (b) Scope 1, 2; and (c) Scope 3, if appropriate	tCO2e	305-1&2&3	HRnetGroup to progressively report on these metrics from 2023 onwards.
	Emission intensities by: (a) Total, (b) Scope 1, 2; and (c) Scope 3, if appropriate	tCO2e/ organisation specific metrics	305-4	
Energy Consumption	Total energy consumption	MWhs or GJ	302-1	590 GJ (0.59Tj) (Singapore operations only)
	Energy consumption intensity	MWhs or GJ / organisation specific metrics	302-3	HRnetGroup to progressively report on these metrics from 2023 onwards.
Water consumption	Total water consumption	ML or m3	303-5	0.0125 ML (Singapore operations only)
	Water consumption intensity	ML or m3 / organisation specific metrics	-	HRnetGroup to progressively report on these metrics from 2023 onwards.
Waste generation	Total waste generated	t	306-3	

TOPIC	METRIC	UNIT	GRI DISCLOSURE	HRNETGROUP 2022 PERFORMANCE
SOCIAL METRICS				
Gender Diversity	Current employees by gender	Percentage (%)	405-1	See pages 54-56
	New hires and turnover by gender	Percentage (%)	401-1	This metric is not reported in current year disclosures.
Age-Based Diversity	Current employees by age groups	Percentage (%)	405-1	See pages 55-56
	New hires and turnover by age groups	Percentage (%)	401-1	This metric is not reported in current year disclosures.
Employment	Total turnover	Number and percentage (%)	401-1	This metric is not reported in current year disclosures.
	Total number of employees	Number	-	See pages 50, 54
Development & Training	Average training hours per employee	Hours/ No. of employees	404-1	See page 54
	Average training hours per employee by gender	Hours/No. of employees	404-1	See page 54
Occupational Health & Safety	Fatalities	Number of cases	403-9	No work-related fatalities, high-consequence injuries, recordable injuries, or ill health cases. We are not involved in high-risk or hazardous work activities.
	High-consequence injuries	Number of cases	403-9	
	Recordable injuries	Number of cases	403-9	
	Recordable work-related ill health cases	Number of cases	403-10	
GOVERNANCE METRICS				
Board Composition	Board independence	Percentage (%)	102-22	See pages 82-84
	Women on the board	Percentage (%)	102-22, 405-1	See page 56
Management Diversity	Women in the management team	Percentage (%)	102-22, 405-1	This metric is not reported in current year disclosures.
Ethical Behaviour	Anti-corruption disclosures	Discussion and number of standards	205-1 to 205-3	See pages 62-63
	Anti-corruption training for employees	Number and percentage (%)	205-2	See pages 62-63
Certifications	List of relevant certifications	List	-	See pages 35, 68
Alignment with Frameworks	Alignment with frameworks and disclosure practices	GRI/TCFD/SASB/SDGs/others	-	This report has been prepared in accordance with the GRI 2021. See page 45 for our UN SDGs alignment.
Assurance	Assurance of sustainability report	Internal/External/None	-	See page 35 Internal

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 Corporate
Officer

Ms Mae Heng
Lead Independent Non-Executive Director

Mr Gao Yong (Wallace)
Independent Non-Executive Director

Mr Sato Hiroshi
Independent Non-Executive Director

Mr Pong Chen Yih
Independent Non-Executive Director

Mr Albert Ellis
Independent Non-Executive Director

AUDIT COMMITTEE

Ms Mae Heng (Chairman)
Mr Pong Chen Yih
Mr Sato Hiroshi

NOMINATING COMMITTEE

Mr Pong Chen Yih (Chairman)
Ms Mae Heng
Mr Peter Sim

REMUNERATION COMMITTEE

Ms Mae Heng (Chairman)
Mr Gao Yong
Mr Pong Chen Yih

REGISTERED OFFICE

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Tel: +65 6730 7860
Email: ir@hrnetgroup.com
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COMPANY SECRETARY

Ms Shirley Lim Guat Hua

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

AUDITOR

Deloitte and Touche LLP
6 Shenton Way OUE Downtown 2 #33-00
Singapore 068809
Partner-in-charge: Ms Tay Hwee Ling
(Appointed on 12 August 2020)

CORPORATE GOVERNANCE

HRnetGroup Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is committed to adopt and comply with Rule 710 of the listing manual of Singapore Exchange Securities Trading Limited (the “SGX-ST Listing Manual”) to describe its corporate governance practices with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”). The practices of the Board and management of the Group adhere closely to the provisions under the Code. To the extent Company’s practices may vary from any provision, Company will explain the reason for the variation and how its practices nevertheless are consistent with the intent of the relevant principle of the Code.

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

BOARD MATTERS

1. THE BOARD’S CONDUCT OF AFFAIRS

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Provision 1.1

Board’s Role

The principal functions of the Board include, inter alia, providing entrepreneurial leadership, setting the appropriate tone-from-the-top and desired organisational culture monitoring Management’s performance, establishing a framework for prudent and effective internal controls to manage risk, safeguarding shareholders’ interests and the Group’s assets as well as setting values and standards (including ethical standards) for the Group.

The Board’s Conduct of Affairs

During FY2022, as was in the past years, in addition to carrying out its statutory responsibilities, the Board performed the following roles:

- (a) overseeing and approving the formulation of the Group’s overall long-term strategic objectives and directions, as well as focus on value creation, innovation and sustainability.
- (b) establishing and maintaining a sound risk management framework to effectively monitor and manage risks, and to achieve an appropriate balance between risks and Group’s performance;
- (c) overseeing and reviewing the management of the Group’s business affairs and financial controls, performance and resource allocation, including ensuring that the required financial and human resources are available for the Group to meet its strategic objectives;
- (d) instilling an ethical corporate culture and ensure that the Group’s values, standards, policies and practices are consistent with the culture;
- (e) ensuring transparency and accountability to key stakeholder groups;
- (f) ensuring compliance with the Code, the Companies Act 1967 of Singapore, the Company’s Constitution, the Listing Manual of Singapore Exchange Securities Trading Limited (“SGX-ST”), accounting standards and other relevant statutes and regulations; and
- (g) assuming the responsibilities for corporate governance.

The Board exercises due diligence and independent judgement in dealing with the business affairs of the Group and works with Management to take objective decisions in the interest of the Group. Any director who has conflict of interest which is likely to impact his or her independence or conflict with a subject under discussion by the Board, is required to immediately declare his or her interest to the Board, and recuse himself or herself from participating in any further discussions or voting on the subject matter, unless the Board is of the opinion that his or her presence and participation is necessary to enhance the efficacy of such discussion.

CORPORATE GOVERNANCE

Provision 1.2

Continuous Training and Development of the Directors

A formal letter is sent to newly-appointed directors upon their appointment explaining their roles, duties, obligations and responsibilities as a board director.

A new director who has no prior experience of an issuer listed on the SGX-ST must also undergo mandatory training on his roles and responsibilities as prescribed by SGX-ST, unless the NC is of the view that training is not required because he has other relevant experience, in which case the basis of its assessment will be disclosed. Pursuant to Rule 720(6) of the Listing Manual, all directors have undergone the required training on sustainability matters as prescribed by the SGX-ST during the course of FY2022 and FY2023.

To ensure that the Directors keep pace with the regulatory changes that will have an important bearing on the obligations of Company or Directors, the Directors are updated on such changes in between or during Board meetings. 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. In FY2022, the external auditors updated 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. They also received on a regular basis reading materials on topical matters or subjects and regulatory updates and their implications.

Provision 1.3

Matters Requiring Board Approval

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.

The matters which are clearly decided on and approved by the Board are clearly documented in the minutes of meetings and kept with the Company.

Provision 1.4

Delegation of Authority to Board Committees

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.

Provision 1.5

Meetings of Board and Board Committees

The Board and its committees meet regularly through scheduled meetings and as warranted by particular circumstances. If Directors are unable to attend meetings in person, telephonic means of communications are allowed under the Constitution of the Company. To enable members of the Board and its committees to prepare for the meetings, agendas are circulated in advance, with board papers and related materials dispatched before the meetings.

Following the amendments to the SGX-ST Listing Manual which have taken effect on 7 February 2020, the Company will not be required to release its unaudited financial statements on a quarterly basis and therefore, the Board, after due deliberation and taking into consideration the compliance efforts required in the quarterly reporting, decided to release its unaudited financial statements on a half yearly basis, with effect from 27 February 2020. Accordingly, the frequency of meetings are changed from quarterly basis to half yearly basis.

CORPORATE GOVERNANCE

Notwithstanding the above, 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.

During FY2022, the Company has held two Board Meetings.

Multiple Board Representations

All Directors are required to declare their board representations. The NC will review the multiple board representations held by the Directors on an annual basis to ensure that sufficient time and attention are given to the affairs of the Company. The NC considers that the multiple board representations held presently by the Directors do not impede their respective performance in carrying out their duties as a Director of the Company.

The Directors had committed considerable time towards board meetings and board committee meetings held in FY2022 and adjusted their schedules to ensure participation in meetings for the deliberation of issues. The NC is of the view that the Directors have committed their time effectively to discharge their responsibility.

The frequency of meetings and the attendance of each Director at every Board and Board Committees meetings for FY2022 are disclosed in the table reflected below:

Type of Meetings	Board	AC	NC	RC	AGM
No. of Meetings Held	2	3	1	1	1
Name of Directors	No. of Meetings Attended				
Peter Sim	2	2*	1	1*	1
JS Sim	2	2*	1*	-	1
Adeline Sim	2	3*	1*	-	1
Mae Heng	2	3	1	1	1
Gao Yong (Appointed on 1 January 2022)	2	2*	1*	-	1
Pong Chen Yih (Appointed on 1 July 2022)	1	1	-	-	-
Hiroshi Sato (Appointed on 1 July 2022)	1	1	-	-	-
Albert Ellis (Appointed on 1 October 2022)	-	-	-	-	-
Sin Boon Ann (Retired at the AGM held on 28 April 2022)	1	1	1	1	1
NS Tan (Resigned on 2 May 2022)	1	1	1	1	1

* Attended by Invitation

CORPORATE GOVERNANCE

Provision 1.6

Board's Access to Information

Management places a high priority on providing complete, adequate and timely information to the Board prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities. Board members received half yearly financial performance of the Group and the Board will also be updated on industry trends and developments. As far as practicable, Board members will receive board papers seven days in advance of the meeting to enable them to have sufficient time to fully consider and deliberate issues to be considered at the meetings. Minutes of previous meetings are tabled and confirmed at Board meetings.

Provision 1.7

Board's Access to Management and Company Secretary

The Board has at all times separate and independent access to Management and the Company Secretary through electronic mail, telephone and face-to-face meetings and are entitled at all times to request for any additional information needed to make informed decisions. Similarly, key management personnel, the Company's auditors or external consultants are also invited to attend relevant Board and Board committee meetings to update and provide independent professional advice on specific issues, where necessary.

Under the direction of the Chairman, the Company Secretary ensures timely and good information flows within the Board and its Board Committees and between the Management and Independent Directors.

The role of the Company Secretary includes responsibility for ensuring that Board procedures are followed and applicable rules and regulations are complied with. She assists the Chairman and the Chairman of each Board Committee in the development of the agendas for the various Board and Board Committee meetings. She administers and attends all Board and Board Committee meetings of the Company and prepare minutes of meetings.

The appointment and removal of the company secretary is a decision of the Board as a whole.

Where required, procedures are also in place for the Board and individual Board Committees to seek independent professional advice, at the Company's expense.

2. BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provisions 2.1, 2.2 and 2.3

Independent Element of the Board, Composition of the Independent Directors and Non-Executive Directors on the Board

The Board comprises eight Directors of whom three are Executive Directors and five are Independent Non-Executive Directors ("INEDs"), thus providing strong independent element on the Board, capable of open, constructive and robust debate on pertinent issues affecting the affairs and business of the Company and the Group. There are adequate safeguards and checks in place to ensure that decision making process by the Board is independent. The Board has always discussed important issues robustly and have always been able to reach a consensus on the votes without having to rely on any majority of the votes to decide nor having an individual or small group of individuals dominate the Board's decision-making process. Their combined wealth and diversity of experience enable them to contribute effectively to the strategic growth and governance of the Group. With a majority of the Directors deemed to be independent, the Board is able to exercise independent and objective judgement on Board affairs.

CORPORATE GOVERNANCE

Independent Directors

The NC and the Board in its determination of the independence of a Director takes into account inter alia, the criteria given in the Listing Manual and the Code, the existence of any relationships between such Director and the Group, its related corporations, its substantial shareholders and officers and if applicable, whether such relationships can interfere or be reasonably perceived to interfere, with the existence of such Director's independent judgement.

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.

The NC, having considered the above and the declarations made by each of the Independent Directors in respect of their independence, is of the view that the current Board has an appropriate level of independence to enable it to make decisions in the best interest of the Company.

The Board confirms that none of the Independent Directors have served on the Board beyond nine years from the date of his or her first appointment.

Provision 2.4

Composition and Size of the Board

The composition and size of the Board are 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.

Having considered the scope and nature of the operations of the Group, the requirements of the Group's business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the NC with the concurrence of the Board, is of the view that the current Board size of eight Directors and its structure is appropriate and adequate and that the Board possesses the appropriate diversity.

The NC also takes into account the mix of skills, genders, age and core competencies of its members, to ensure a good balance and diversity of skills, knowledge and experience. The Board as a group comprises members with core competencies in accounting and finance, law, business management and strategic planning experience and industry knowledge.

In accordance with the Code, the Company has formalised a Board Diversity Policy. In recognition of the importance and value of gender diversity in the composition of the Board, the Board has two female directors, representing 25% of total Board membership. The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide core competencies to allow for diverse and objective perspective on the Group's business and direction. Further information on the individual Director's background, experience and skills can be found in the Directors' Profiles set out on pages 13 to 16 of this Annual Report.

CORPORATE GOVERNANCE

A summary of the composition of the Board and its Committees is set out below:

Name of Directors	Board	AC	NC	RC
Peter Sim	Founding Chairman Executive Director	–	Member	–
JS Sim	Executive Director	–	–	–
Adeline Sim	Executive Director	–	–	–
Mae Heng	Independent Director	Chairman	Member	Chairman
Gao Yong (Appointed on 1 January 2022)	Independent Director	–	–	Member
Pong Chen Yih (Appointed on 1 July 2022)	Independent Director	Member	Chairman	Member
Hiroshi Sato (Appointed on 1 July 2022)	Independent Director	Member	–	–
Albert Ellis (Appointed on 1 October 2022)	Independent Director	–	–	–

Provision 2.5

Regular Meetings of Non-Executive Directors and Independent Directors

During the year, the Independent Non-Executive Directors on the Board, led by the Lead Independent Director or other Independent Directors as appropriate, communicate among themselves without the presence of the Management as and when the need arises. They also 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 Chairman of such meetings provides feedback to the Board and/or Management as appropriate.

3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provisions 3.1 and 3.2

Roles and Responsibilities of Chairman & Executive Director

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

The Company does not have a Chief Executive Officer (CEO). The Founding Chairman works together with the Executive Directors and senior management team, makes strategic proposals to the Board and after robust and constructive Board discussions, executes the agreed strategy, manages and develops the Group's businesses and implements the Board's decisions.

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 values 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 judgement 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.

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All the Board Committees are chaired by Independent Directors and a majority 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.

Through the establishment of various Board Committees with power and authority to perform key functions without the undue influence from the Board Chairman, and the putting in place of internal controls for proper accountability and to allow for effective oversight by the Board of the Company's business, the Board ensure there is an appropriate balance of power which allows the Board to exercise objective decision-making in the interest of the Company. The Board is of the view that Peter Sim's role as an executive Board Chairman would continue to facilitate the Group's decision-making and implementation process.

Provision 3.3

Lead Independent Director

Taking into account that the Board Chairman is an Executive Director and thus not independent, the Board has previously appointed Sin Boon Ann as the Lead Independent Non-Executive Director to serve as a sounding board for the Board Chairman and also an intermediary between the Independent Directors and the Board Chairman. Mae Heng replaced Sin Boon Ann as Lead Independent Non-Executive Director on 1 July 2022, following his retirement from the Board. She is also responsible for providing leadership in situations where the Chairman is conflicted and is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate and inadequate.

4. BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provisions 4.1 and 4.2

NC Membership and Terms of Reference

The NC comprises the following three Directors, a majority of whom are non-executive and independent:

Pong Chen Yih, Chairman	(Independent Non-Executive Director)
Mae Heng, Member	(Lead Independent Non-Executive Director)
Peter Sim, Member	(Executive Director and Founding Chairman)

During FY2022, the NC has held one scheduled meeting, which all members attended.

The NC is guided by its written terms of reference, which set out its authority and duties. The principal functions of the NC include, inter alia:

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

CORPORATE GOVERNANCE

- (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 the industry peers (if available) and address how the Board has enhanced long-term shareholders' value;
- (g) assess 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 and key management personnel;
- (i) review of training and professional development programs for the Board;
- (j) review and approve any new employment of persons related to the director(s) and substantial shareholder(s), and the proposed terms of their employment; and
- (k) other acts as may be required by the SGX-ST and the Code from time to time.

NC Responsibilities

The key responsibilities of the NC include making recommendations to the Board on the relevant matter such as the process for evaluating the performance of the Board as a whole. It also ensures compliance with the provisions of the Company's Constitution which stipulates that at each annual general meeting of the Company, one-third of the Directors or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office by rotation in accordance with the Constitution, and may stand for re-election.

Pursuant to Article 94 of the Company's Constitution, Peter Sim and Mae Heng will retire at the Company's forthcoming annual general meeting and will be eligible for re-election. Pong Chen Yih and Hiroshi Sato who were appointed on 1 July 2022 and Albert Ellis who was appointed on 1 October 2022 will retire pursuant to Article 100 of the Constitution 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 Peter Sim, Mae Heng, Pong Chen Yih, Hiroshi Sato, and Albert Ellis. 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 five of the directors, Mae Heng, Gao Yong, Pong Chen Yih, Hiroshi Sato and Albert Ellis 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 judgement 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.

Alternate Directors

There are currently no alternate directors on the Board.

Provision 4.4

Determining Directors' Independence

Each Director completes a checklist to confirm his or her independence on an annual basis. The NC has reviewed the independence of the Directors as mentioned under Provision 2.1 above and is of the view that Mae Heng, Gao Yong, Pong Chen Yih, Hiroshi Sato and Albert Ellis are independent based, inter alia, on the criteria given in the Listing Manual and the Code and their respective declarations.

CORPORATE GOVERNANCE

Provisions 4.3 and 4.5

Process for the Selection and Appointment of New Directors

The NC determines a suitable size and composition of the Board, and evaluates the balance of skills, knowledge and experience of members of the Board required to add value and facilitate effective decision-making of the Company, taking into consideration the scope and nature of the operations of the Company.

However, the Company does not have a formal selection criterion for the appointment of new directors to the Board. When a vacancy arises under any circumstances, 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.

Formal letters will be sent to newly-appointed Director upon his or her appointment stating his or her duties and obligations as director.

Key information on Directors

Each Director's position, date of initial appointment, date of last re-election and Directorships/chairmanships held by the Directors in other listed companies are as follows:

Name of Directors	Date of initial appointment	Date of last re-election	Current directorship in listed companies	Past directorship in listed companies (preceding three years)
Peter Sim	21 September 2016	6 May 2020	-	-
JS Sim	21 September 2016	28 April 2022	-	-
Adeline Sim	16 May 2017	21 April 2021	-	-
Mae Heng	16 May 2017	6 May 2020	<ul style="list-style-type: none"> ● Apex Healthcare Berhad ● Chuan Hup Holdings Limited ● Grand Venture Technology Limited ● Ossia International Limited ● Novo Tellus Alpha Acquisition ● Rex International Holding Limited 	
Gao Yong	1 January 2022	28 April 2022	<ul style="list-style-type: none"> ● Beijing Career International Co. Ltd. ● Inmyshow Digital Technology (Group) Co., Ltd. 	-
Pong Chen Yih	1 July 2022	N.A.	<ul style="list-style-type: none"> ● Figtree Holdings Limited ● Grand Venture Technology Limited 	-
Hiroshi Sato	1 July 2022	N.A.	<ul style="list-style-type: none"> ● Open Up Group Inc. 	-
Albert Ellis	1 October 2022	N.A.	<ul style="list-style-type: none"> ● Staffline Group Plc 	<ul style="list-style-type: none"> ● Harvey Nash Group Plc

The principal commitments of the Directors, if any, and other key information regarding the Directors are set out in the Directors' profile section in this Annual Report.

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5. BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provisions 5.1 and 5.2

Board Performance

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, the Board Committees, and the contribution of Chairman and each individual director to the Board.

For FY2022, all Directors participated in the evaluation by providing feedback to the NC in completing the form of Board and Board Committee Performance Evaluation. To ensure confidentiality and frank assessment, the evaluation forms completed by Directors were submitted to the Company Secretary and the consolidated responses were presented to the NC for review and discussion. The NC has reported to the Board on its review of the Board's performance for the year.

The Board Chairman will act on the results of the performance evaluation and propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors.

In view of the size and composition of the Board, whereby almost 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.

Performance Criteria for Board Evaluation

The form of Board and Board Committee Performance Evaluation is circulated and completed by each member of the Board annually. This involves scoring and an invitation for feedback on a number of key areas, including Board composition and size, Board independence, Board process, Board access to timely and accurate information, internal controls and risk management, Board accountability to shareholders, Board interaction with Management, etc.

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.

Evaluation of Individual Directors

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, the technical knowledge of the Directors, communication and interaction, knowledge of the Group's business and operations, etc.

The results of the evaluation and the feedback obtained from the Directors were collated by the Company Secretary and shared with the NC Chair and NC members and subsequently with the entire Board.

For FY2022, the NC duly observed the aforesaid process and criteria and was satisfied with the results of the 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.

CORPORATE GOVERNANCE

REMUNERATION MATTERS

6. PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Matters concerning remuneration of the Board, key management personnel and employees who are related to the substantial shareholders, the Directors, if any, are handled by the RC whose primary functions include development of formal and transparent policies on remuneration matters in the Company.

Provisions 6.1, 6.2 and 6.3

Remuneration Committee and Terms of Reference

The RC comprises the following three Directors, all of whom are non-executive and independent:

Mae Heng, Chairman	(Lead Independent Non-Executive Director)
Gao Yong, Member	(Independent Non-Executive Director)
Pong Chen Yih, Member	(Independent Non-Executive Director)

During FY2022, the RC has held one scheduled meeting, which all members attended.

The RC is guided by its terms of reference, which sets out its authority and duties. The principal functions of the RC include, *inter alia*:

- (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 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.

On annual basis, the RC reviews and approves the annual increments, variable bonus to be granted to the Executive Directors and key management personnel based on the key performance indicators set by the Company. Thereafter, 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 or her. No director is involved in deciding his or her own remuneration, compensation or any form of benefits to be granted to him or her.

The RC also 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.

CORPORATE GOVERNANCE

Provision 6.4

RC's Access to Advice on Remuneration Matters

The Board is ultimately accountable for all remuneration decisions. 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. In discharging its responsibilities, the RC considers all aspects of remuneration and performs benchmarking against comparable organisations to ensure that all aspects of remuneration (including termination terms) are fair and competitive. The RC has access to expert advice regarding executive compensation matters, if required. Given that the company is in the business of executive recruitment and has the data, skills and knowledge regarding market practices on executive compensation matters, the Board did not engage any external remuneration consultant to advise on remuneration matters for FY2022.

7. LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provisions 7.1 and 7.3

Remuneration of Executive Director and Key Management Personnel

The Company's remuneration structure for its Executive Director and key management personnel comprises both fixed and variable components. The variable component is linked to the Group or Company's performance and the individual personnel's performance. Such performance-related remuneration is designed to align with the interests of shareholders and other stakeholders and promote long-term success of the Group.

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 management personnel. The Company also ensures that the remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

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 renewed for an additional five years. Subsequently, it may be renewed for an additional five years period or such period as the parties may agree.

Either party may terminate the service agreement 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 Executive Directors' last drawn base salary.

For FY2022, the RC considered and approved the annual increments, variable bonus to be granted to the Executive Directors and the key management personnel based on the key performance indicators set out by the Company. There were no long-term incentive schemes introduced by the Company in FY2022.

Contractual Provisions Protecting the Company's Interests

The Company does not have any contractual provisions in the employment contracts with the Executive Directors and key management personnel pursuant to which the Company may reclaim the variable components of remuneration from the Executive Director and key management personnel in exceptional circumstances, such as any misstatement of financial results, or misconduct resulting in financial loss of the Company and the Group.

The Board is of the view that the formula for incentive bonus to Executive Directors and key management personnel is pegged to the profits of the Group. The Group has ample time to ensure that the revenue of the relevant period is collected and that profits are accurately accounted for and that any necessary adjustments can be made in the subsequent payout period.

CORPORATE GOVERNANCE

Provision 7.2

Remuneration of Non-Executive Directors

The Board has considered and approved the RC's proposal in respect of the Non-Executive Directors' fees for FY2022. Non-Executive Directors are compensated based on fixed directors' fees taking into consideration their effort and time spent, responsibilities and level of contribution to the Board and Board Committees. The additional Directors' fees of S\$40,000 for FY2022 (the "2022 Additional Directors' Fees") and total Directors' fees of S\$270,000 for FY2023 (the "2023 Directors' Fees") is recommended by the Board for approval by the shareholders at the forthcoming annual general meeting of the Company. If the 2022 Additional Directors' Fees are approved, the relevant Non-Executive Directors will be paid the 2022 Additional Directors' Fees, out of which a total of S\$33,750 will be applied as consideration for the issuance of a total of 46,182 Shares to Mr Gao Yong and Mr Albert George Hector Ellis. If the 2023 Directors' Fees are approved, the relevant Non-Executive Directors will be paid the 2023 Directors' Fees, out of which a total of S\$99,000 will be applied as consideration for the issuance of a total of 135,467 Shares to Mr Gao Yong, Mr Albert George Hector Ellis and Mr Pong Chen Yih. The issue price for such remuneration Shares is S\$0.7308 and is determined on the basis of the volume-weighted average closing price of the Shares traded on the SGX-ST for the five market days up to and including 6 April 2023, being the latest practicable date prior to the date of this Report, and applying a discount of 10%. The issuance of such remuneration Shares will be treated as an acquisition of Shares by the relevant Directors and such Shares will be issued out of treasury. Such issuance is subject to the listing approval of the SGX-ST. If the listing approval of the SGX-ST is not granted, the relevant amount of the 2022 Additional Directors' Fees and/or 2023 Directors' Fees will be paid in cash. The remuneration Shares will rank pari passu with the existing issued Shares.

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 or her.

8. DISCLOSURE ON REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provisions 8.1 and 8.2

Remuneration Report

Details on the remuneration of Directors and key management personnel for FY2022 are presented in the following tables.

Remuneration of Directors

The table below shows the breakdown of the remuneration and fees of the Directors for FY2022. Shareholders' approval will be sought at the forthcoming annual general meeting for payment of fees for the financial year ending 31 December 2023.

The Board is of the view that full disclosure of the specific remuneration of each individual Director is not in the best interests of the Company, taking into account the sensitive nature of the subject, the highly 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 Company had also carefully considered the need to balance the interests of all stakeholders, including shareholders and the Company and its employees, and believes that shareholders' interest will not be prejudiced by the non-disclosure of the directors and KMP's individual remuneration.

CORPORATE GOVERNANCE

The level and mix of remuneration paid or payable to the Directors and key management personnel for FY2022 are set out below in bands (in percentage terms):

Name of Directors ⁽¹⁾	Salary ⁽²⁾ %	Bonus ⁽³⁾ %	Director's Fees ⁽⁴⁾ %	Other Benefits %	Total Compensation %
DIRECTORS					
S\$500,001 and above					
Adeline Sim	68	25	–	7	100
S\$250,001 to S\$500,000					
JS Sim	100	–	–	–	100
Peter Sim	100	–	–	–	100
Below S\$250,000					
Albert Ellis	–	–	100	–	100
Gao Yong	–	–	100	–	100
Hiroshi Sato	–	–	100	–	100
Mae Heng	–	–	100	–	100
NS Tan	–	–	100	–	100
Pong Chen Yih	–	–	100	–	100
Sin Boon Ann	–	–	100	–	100

Notes:

- ⁽¹⁾ The sequence is presented according to alphabetical order of names within each band.
⁽²⁾ The salary amount shown is inclusive of allowances and statutory contributions to the Central Provident Fund.
⁽³⁾ The bonus amount shown is inclusive of statutory contributions to the Central Provident Fund.

Remuneration of Key Management Personnel

The Group had five key management personnel (who are not Directors or the CEO) in FY2022. The Company had not disclosed the exact remuneration paid to each key management personnel due to the sensitive and confidential nature of such remuneration matters and to ensure the Company's competitive advantage in the retention of such personnel.

CORPORATE GOVERNANCE

The details of the remuneration paid to the five key management personnel of the Company during FY2022 are set out below in bands (in percentage terms):

Name of Key Management Personnel ⁽¹⁾	Salary ⁽²⁾ %	Bonus ⁽³⁾ %	Other Benefits %	Total Compensation %
KEY MANAGEMENT PERSONNEL				
S\$750,001 and above				
Lorencz Tay Yuh Shiuan	35	63	2	100
Madeline Wan Poh Cheng	33	65	2	100
S\$500,001 to S\$750,000				
Jacelyn Chua Meng Hoon	43	55	2	100
S\$250,001 to S\$500,000				
Daisy Tan	69	16	15	100
Jennifer Kang Ah Eng	70	17	13	100

Notes:

- ⁽¹⁾ The sequence is presented according to alphabetical order of names within each band.
⁽²⁾ The salary amount shown is inclusive of allowances and statutory contributions to the Central Provident Fund.
⁽³⁾ The bonus amount shown is inclusive of statutory contributions to the Central Provident Fund.

The aggregate remuneration paid to the top five key management personnel of the Group (who are not directors or CEO) in FY2022 amounted to S\$3.4million.

Remuneration of Immediate Family of Director

The details of the remuneration paid in excess of S\$100,000 to the immediate family of Director of the Company during FY2022 are set out below (in percentage terms):

Name of Immediate Family of Director	Salary ⁽³⁾ %	Bonus ⁽⁴⁾ %	Other Benefits %	Total Compensation %
IMMEDIATE FAMILY OF DIRECTOR				
S\$100,001 to S\$200,000				
Jocelyn Ho ⁽¹⁾	80	20	–	100
Joshua Sim ⁽²⁾	86	14	–	100

Notes:

- ⁽¹⁾ Jocelyn Ho is the daughter-in-law of JS Sim.
⁽²⁾ Joshua Sim is the son of JS Sim.
⁽³⁾ The salary amount shown is inclusive of allowances and statutory contributions to the Central Provident Fund.
⁽⁴⁾ The bonus amount shown is inclusive of statutory contributions to the Central Provident Fund.

In FY2022, other than as disclosed, none of the employees who are substantial shareholders or are immediate family members of a director or a substantial shareholder of the Company were remunerated in excess of S\$100,000.

CORPORATE GOVERNANCE

Provision 8.3

Other Payment and Benefits to Directors and Key Management Personnel including Employee Share Schemes

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

9. RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders

Provision 9.1

Risk Management and Internal Control Systems

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.

Risk Committee

The responsibility of overseeing the Group’s risk management framework and policies is undertaken by the AC with the assistance of the internal auditors. Having considered the Group’s business operations as well as its existing internal controls and management systems, the Board is of the view that a separate Risk Committee is not required for the time being.

Provision 9.2

Adequacy and Effectiveness of Risk Management and Internal Control Systems

The Group engages a professional audit firm to conduct internal audit reviews based on the plan approved by the AC.

During the year, the AC also reviewed the reports submitted by the internal auditors relating to the effectiveness of the Group’s internal controls, including adequacy of the Group’s financial, operational compliance and information technology controls. In addition, the Group evaluates its risk exposures based on the likelihood and impact of each risk identified. 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.

CORPORATE GOVERNANCE

Board’s Comment on Adequacy and Effectiveness of Risk Management and Internal Control Systems

The Board is satisfied that the Company worked closely with the internal and external auditors to implement the recommended measures and procedures, and strived to achieve high standards in risk management and internal controls.

The Board has received assurance from the Chairman and the Group Chief Financial Officer (a) that the financial records have been properly maintained and the financial statements for FY2022 give a true and fair view of the Company’s operations and finances, and (b) regarding the adequacy and effectiveness of the Company’s risk management and internal control systems.

Based on the assurance from the Chairman and Group 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 2022.

10. AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee (“AC”) which discharges its duties objectively.

Provision 10.2

Membership

The AC comprises the following three Directors, all of whom are non-executive and independent:

Mae Heng, Chairman	(Lead Independent Non-Executive Director)
Pong Chen Yih, Member	(Independent Non-Executive Director)
Hiroshi Sato, Member	(Independent Non-Executive Director)

During FY2022, the AC has held three scheduled meetings, which all members attended.

Expertise of AC Members

The Chairman of the AC is a Fellow Chartered Accountant with the Institute of Singapore Chartered Accountants. The other members of the AC have many years of experience in business management and exposure to financial aspects of businesses. The Board is satisfied that the members of AC have recent and relevant accounts or related financial management expertise and experience to discharge the functions of the AC.

Provision 10.3 Partners and Directors of the Company’s Auditing Firm

None of the AC members were previously partners or directors of the Company’s existing audit firm or auditing corporation within the previous 2 years nor does any of the AC members hold any financial interest in the Company’s existing audit firm or auditing corporation.

Provision 10.1 Roles, Responsibilities and Authorities of AC

The AC is guided by its written terms of reference, which set out its authority and duties. The key functions of the AC include, inter alia:

- 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;
- review significant financial reporting issues and judgements to ensure the integrity of the financial statements and any announcements relating to financial performance;
- review the assurance from the Chairman and the Group CFO on the financial records and financial statements;

CORPORATE GOVERNANCE

- (d) 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;
- (e) review, with the external auditors, their evaluation of the system of internal accounting controls;
- (f) review the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;
- (g) 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;
- (h) 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;
- (i) review, with the internal auditor, his evaluation of the implementation and effectiveness of the Compliance Framework, and overseeing the Compliance Committee;
- (j) 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;
- (k) review any interested person transactions as defined in the Listing Manual of SGX-ST;
- (l) review and approve all hedging policies and types of hedging instruments to be implemented by the Company, if any;
- (m) monitor and review the effectiveness of the internal audit function;
- (n) 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;
- (o) 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;
- (p) 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;
- (q) 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 AC 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;
- (r) 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;
- (s) 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 AC; and
- (t) 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.

CORPORATE GOVERNANCE

During FY2022, the AC reviewed the financial results announcements of the Company on a half yearly basis before their submission to the Board for approval. In the process, the AC reviews the key areas of management judgement applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have an impact on the Group's financial performance. The AC also reviewed all Interested Person Transactions as well as the use of IPO proceeds.

The AC had reviewed the external auditor's audit memorandum for FY2022 and with the auditors' proposed significant areas of focus and assumptions that impact the financial statements before an audit commences. In its review of the financial statements of the Group for FY2022, the external auditors had discussed with Management together with the AC, the accounting principles that were applied and their judgement of items that could affect the integrity of the financial statements and also considered clarity of key disclosures in the financial statements. The AC also reviewed and addressed, amongst other matters, the key audit matters as reported by the external auditors for FY2022. The key audit matters can be found on page 115 of this Annual Report.

AC to Keep Abreast of Changes to Accounting Standards

In addition to the activities undertaken to fulfil its responsibilities, the AC is kept up to date by Management, external and internal auditors on changes to accounting standards, SGX-ST rules and other codes and regulations which can have an impact on the Group's business and financial statements.

Independence of External Auditors

The AC has reviewed the independence and objectivity of the external auditors through discussions with the external auditors and an annual review of the nature, extent and charges of non-audit services provided by the external auditors and the AC was of the view that the non-audit services provided by the external auditors in FY2022 did not prejudice their objectivity and independence.

The fees paid or payable to the external auditors in FY2022 for audit and non-audit services amounted to S\$385,000 and S\$204,000, respectively.

In respect of the audit quality indicators, the AC had reviewed, in particular, the following areas: audit hours planned, experience of the team, adequacy of training received by the team, results of internal and third party's inspection of their work, compliance with independence requirement, quality control, staff oversight and staff attrition rate.

On the basis of the above, the AC is satisfied with the standard and quality of work performed by the external auditors. It has recommended to the Board the nomination of the external auditors, Deloitte & Touche LLP, for re-appointment as external auditors at the forthcoming annual general meeting of the Company.

The Company has complied with Rules 712, 715 and 716 of the Listing Manual in relation to the appointment of its external auditors.

Whistle-blowing Policy

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 to assure them that they will be protected from victimisation for whistle-blowing in good faith, whistle-blowers may report directly to the Chairman of the AC.

Cases that are significant are reviewed by the AC for adequacy of investigation actions and resolutions. The AC reports to the Board on such matters at the Board meetings. Should the AC receive reports relating to serious offence and/or criminal activities in the Group, they and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant government authorities for further investigation or action. To the extent that is permissible by law, the identity of the whistle-blower is kept confidential.

The Group takes concerns raised in respect of the integrity and honesty of its employees very seriously. The whistle-blowing policy as well as whistle-blowing communication channel, has been disseminated to all staff via internal HR portal.

The whistle-blowing policy is reviewed by the AC from time to time to assess the effectiveness of the processes in place and to ensure that the said policy is updated to take into account any related changes in legal and regulatory requirements.

There were no reported incident pertaining to whistle-blowing during FY2022 and until to date of this Annual Report.

CORPORATE GOVERNANCE

Provision 10.4

Internal Audit

The AC's responsibilities over the Group's internal controls and risk management are completed by work of the Group's internal auditors.

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 FY2022, 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 the Group's internal auditors is appropriate.

Internal Audit Function

The internal auditor function plans its internal audit schedules in consultation with, but independent of, the Management. The internal auditors, Ernst & Young Advisory Pte Ltd, is staffed with professionals with relevant qualification and experience. The internal audit plan, the scope of audit examination and the internal audit budget are 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 annually reviews the activities of the internal auditors, including overseeing and monitoring the implementation of improvements required on internal control weaknesses identified.

Having reviewed the internal auditors' plan and activities, the AC is satisfied with the quality and effectiveness of the internal audit function and that the internal audit function is currently adequately resourced and has appropriate independent standing within the Group to perform its functions effectively.

Provision 10.5

Meeting with External and Internal Auditors

During FY2022, the Group's external and internal auditors were invited to attend the AC meetings and make presentations as appropriate. The AC meets with the external and internal auditors without the presence of the Management, at least annually.

SHAREHOLDERS RIGHTS AND ENGAGEMENT

11. SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provisions 11.1 and 11.4

Conduct of General Meetings

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 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.

CORPORATE GOVERNANCE

Shareholders are also informed of the rules and voting procedures governing such 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.

Provision 11.4 of the 2018 Code provides for a company's constitution to allow for absentia voting at general meetings of shareholders. The Company's Constitution currently does not, however, allow shareholders to vote at general meetings in absentia. The Board will consider implementing the relevant amendments to the Constitution when there is a demand for such alternative methods of voting and after the Board have evaluated and ensured that security integrity and other pertinent issues are satisfactorily resolved.

The Board supports the Code's principle of encouraging shareholder participation. The Constitution of the Company allows a member (who are not relevant intermediaries as set out in the Companies Act) to appoint up to two proxies to attend general meetings and vote on their behalf. The Companies Act allows relevant intermediaries to appoint multiple proxies, and empower Central Provident Fund investors to attend and vote at general meetings of the Company as their Central Provident Fund agent banks' proxies.

2023 AGM

In view of the COVID-19 situation in Singapore, the 2023 AGM will be convened and held by way of electronic means on 26 April 2023, pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "COVID-19 Temporary Measures Order"). The alternative arrangements put in place for the conduct of the 2023 AGM included (i) attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio visual webcast or live audio-only stream), (ii) submission of questions to the Chairman of the meeting in advance of, or live at the AGM, and (iii) voting at the AGM live by the shareholders themselves or their duly appointed proxy(ies) (other than the Chairman of the meeting) via electronic means or by appointing the Chairman of the meeting as proxy to vote on their behalf.

The Notice of AGM, Annual Report and the accompanying proxy form will not be despatched to shareholders. These documents will be published on SGXNet and the Company's corporate website.

Provision 11.2

Separate Resolutions at General Meeting

The Board ensures that each distinct issue is proposed as a separate resolution at general meetings and resolutions are generally not "bundled" or made inter-conditional on each other. Where resolutions are "bundled", the reasons and material implications for doing so are set out in the notice calling the general meeting.

Provision 11.3

Interaction with Shareholders

The Directors attend all General Meetings of the Company to address issues raised by shareholders. The Company's external auditors are also present to assist the Board in addressing any relevant queries from shareholders. Appropriate key management personnel are also present at the general meetings to respond, if necessary, to operational questions from shareholders.

The attendance of Directors is set out on page 81 of this annual report.

CORPORATE GOVERNANCE

Provision 11.5

Minutes of General Meetings

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.

Beginning from the 2020 AGM, the Company has published minutes of general meetings of shareholders on which its corporate website and SGXNet as soon as practicable after the relevant general meeting. Such minutes will record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management, which are addressed at the AGM.

Provision 11.6

Dividend Policy

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:

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

The Board intends to declare and distribute dividends of at least 50% of the Company's 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 FY2022 would constitute approximately 55% of net profit after tax in FY2022, subject to shareholders' approval at the forthcoming annual general meeting.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provisions 12.1, 12.2 and 12.3

Communication with Shareholders

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.

CORPORATE GOVERNANCE

The Company does not practise preferential and selective disclosure to any group of shareholders. Where there is inadvertent disclosure made to a select group, the Company will endeavour to make the same disclosure publicly to all others promptly.

Shareholders are given the opportunity to pose questions to the Board or the Management at the general meetings. The members of the AC, NC and RC will be present at the general meetings to answer questions relating to matters overseen by the respective committees. To enhance and encourage communication with shareholders and investors, shareholders and investors can send their enquiries through email to the Company's investor relations at ir@hrnetgroup.com.

Investor Relations Policy

The Company has adopted an investor relations policy to formalise the principles and practices that the Company applies to provide current and prospective investors with information necessary to make well-informed investment decision and to ensure a level playing field.

The Investor Relations Policy is set out on page 66 of this Annual Report.

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provisions 13.1 and 13.2

Relationship with Stakeholders

The Company has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. Such stakeholders include employees, clients and suppliers, government and regulators, community, and shareholders and investors. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders.

The Stakeholders' Report is set out on pages 41 to 42 of this Annual Report.

Provision 13.3

Communications with stakeholders

The Company's contact information is reflected on its current corporate website, to enable stakeholders to contact the Company.

OTHER CORPORATE GOVERNANCE MATTERS

DEALINGS IN SECURITIES OF THE COMPANY

In compliance with Rule 1207(19) the Listing Manual 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 one month before the announcement of the Company's half year and full year financial statements respectively, and ending on the date of the announcement of the results.

All Directors are required to notify the Company of any dealings in the Company's securities (during the open window period) within two business days of the transactions. The Board is satisfied with the Group's commitment in compliance with the Code. The Company has complied with Rule 1207(19)(c).

CORPORATE GOVERNANCE

MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, there are no material contracts of the Group involving the interests of a Director or controlling shareholder, either still subsisting at the end of FY2022 or if not then subsisting, entered into since the end of the previous financial year.

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 interested person transactions required to be disclosed under Rule 907 of the Listing Manual of the SGX-ST are as follows:

Name of Interested Person and Transactions	Aggregate value of all interested person transactions in FY2022 (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 in FY2022 under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000 ⁽²⁾
RecruitFirst Limited ⁽¹⁾		
(a) Working capital loan	1,638	N.A.
(b) Provision of Management Services	154	N.A.
(c) Provision of Recruitment Services	37	N.A.

Note:

- Aviel Sim, who is one of the controlling shareholders, 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.
- The Group did not obtain a shareholders' mandate under Rule 920 of the Listing Manual.

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 2022 is set out as below:

	Amount utilised
	S\$ million
Purchase of equity instrument designated at FVTOCI	64.0
Purchase of financial assets mandatorily measured at FVTPL	39.1
Acquisition and investment in subsidiaries	9.1
Start-up of subsidiaries	8.6
IPO related expenses	9.1
	129.9

CORPORATE GOVERNANCE

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION - APPENDIX 7.4.1 TO THE LISTING MANUAL

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the Company shall provide the information relating to the directors who are standing for re-election at the forthcoming annual general meeting as set out in Appendix 7.4.1 to the Listing Manual.

Peter Sim, Mae Heng, Pong Chen Yih, Hiroshi Sato, and Albert Ellis are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 26 April 2023 under Ordinary Resolutions 5 to 9 respectively set out in the notice of annual general meeting dated 11 April 2023 (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to each Retiring Director as set out in Appendix 7.4.1 to the Listing Manual is set out below:

Name of Directors	Peter Sim	Mae Heng	Sato Hiroshi	Pong Chen Yih	Albert Ellis
Date of first appointment	21 September 2016	16 May 2017	1 July 2022	1 July 2022	1 October 2022
Date of last re-Appointment	6 May 2020	6 May 2020	N.A.	N.A.	N.A.
Age	69	52	66	47	59
Country of principal residence	Singapore	Singapore	Japan	Singapore	United Kingdom
The Board's comments on re-appointment	Peter Sim as the Founding Chairman has in-depth knowledge and business experience on the Group's operation. His leadership will continue to enhance Board deliberations and set the direction of growth for the Group. The Nominating Committee and Board recommend the re-appointment of Peter Sim as an Executive Director of the Company.	Mae Heng's extensive knowledge on financial and regulatory matters will provide greater balance and diversity of skills, experience and knowledge that contribute towards the core competencies of the Board. The Nominating Committee and Board recommend the re-appointment of Mae Heng as a Lead Independent Non-Executive Director of the Company.	The Board concurs with the Nominating Committee's views that Sato Hiroshi, if re-elected, will continue to utilise his wealth of work experience as a CFO, which will be beneficial to the group. The Nominating Committee and Board recommend the re-appointment of Sato Hiroshi as the Executive Director of the Company.	Pong Chen Yih was a practicing lawyer from 2002 till he co-founded Novus Corporate Finance Pte. Ltd. in 2018. He is now the Chief Operating Officer of Novus Corporate Finance Pte. Ltd., a corporate firm licenced by both SGX-ST and the Monetary Authority of Singapore. With his extensive legal knowledge, he will be able to provide greater balance to the core competencies of the Board. The Nominating Committee and Board recommend the re-appointment of Pong Chen Yih as the Executive Director of the Company.	The Board concurs with the Nominating Committee's views that Albert Ellis, if re-elected, will continue to utilise his wealth of work experience as a CEO, which will be beneficial to the group. The Nominating Committee and Board recommend the re-appointment of Albert Ellis as the Executive Director of the Company.

CORPORATE GOVERNANCE

Name of Directors	Peter Sim	Mae Heng	Sato Hiroshi	Pong Chen Yih	Albert Ellis
Whether the appointment is executive, and if so, the area of responsibility	Executive. Peter Sim is the Founding Chairman of the Group. His areas of responsibility include, but are not limited to, providing leadership to the Board, and managing the overall operations and resources of the Group.	Non-Executive.	Non-Executive.	Non-Executive.	Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	<ul style="list-style-type: none"> Founding Chairman and Executive Director Member of Nominating Committee 	<ul style="list-style-type: none"> Lead Independent Non-Executive Director Chairman of the Audit Committee Chairman of the Remuneration Committee Member of Nominating Committee 	<ul style="list-style-type: none"> Independent Non-Executive Director Member of Audit Committee 	<ul style="list-style-type: none"> Independent Non-Executive Director Chairman of the Nominating Committee Member of Remuneration Committee Member of Audit Committee 	<ul style="list-style-type: none"> Independent Non-Executive Director
Professional qualifications	Bachelor of Arts from the University of Singapore	<ul style="list-style-type: none"> Bachelor of Accountancy from Nanyang Technological University, Singapore Fellow Chartered Accountant with the Institute of Singapore Chartered Accountants ASEAN Chartered Professional Accountant 	Bachelor of Economics, Keio University	Bachelor of Laws, National University of Singapore	<ul style="list-style-type: none"> Chartered Accountant (Institute of Chartered Accountants in England & Wales and South African Institute of Chartered Accountants) Bachelor of Accounting (Business Finance) from University of Witwatersrand (Johannesburg)

CORPORATE GOVERNANCE

Name of Directors	Peter Sim	Mae Heng	Sato Hiroshi	Pong Chen Yih	Albert Ellis
Working experience and occupation(s) during the past 10 years	Founded HRnetOne which is the first entity of our Group in 1992.	Mae Heng spent 17 years at EY Singapore. Her experience gives her a broad and rich lens when approaching business situations.	Sato Hiroshi is the CFO and board member at Open Up Group Inc. which is a recruitment company involved in the business of contract and staffing of engineers and is listed on the mainboard of the Tokyo Stock Exchange. He led the successful merger of the 2 listed companies Open Up Group and Yumeshin last year with integration of businesses resulting in more than 100% increase in the size of the business and market capitalization. Sato Hiroshi brings with him 20 years of experience as CFO of large listed companies in Japan. He was previously the CFO and a board member of Technopro Holdings where he was instrumental to the success of IPO in 2014, and since then led various M&A initiatives and cultivated a strong following of global institutional investors. Sato Hiroshi was recognized as "Best CFO elected by Institutional Investors Magazine under the 2019 All-Japan Executive Team Ranking, Professional and consumer category".	Pong Chen Yih is the Chief Operating Officer of Novus Corporate Finance Pte. Ltd. (Novus), a corporate finance firm licenced by both SGX-ST and the Monetary Authority of Singapore. He was previously the lead partner for the Singapore Capital Markets Group of Baker McKenzie Wong & Leow where he practised law in the main areas of capital markets work, compliance, investments and mergers and acquisitions. He regularly speaks at local and international conferences and seminars on topics such as capital raising and Singapore Exchange listing requirements.	Albert Ellis has 30 years of experience in the recruitment sector and is currently CEO of Staffline Group plc, the UK's market leading recruitment and training group that is listed on the AIM of the London Stock Exchange. Prior to joining Staffline, he was the CEO of global technology recruitment and IT outsourcing group Harvey Nash (Harvey Nash Group) for 15 years, where he was also previously CFO. Albert began his career in Hays plc, the UK's largest recruiter by market capitalization. Most notably, he has led and executed growth strategies, acquisitions and disposals, turnarounds, multiple equity raisings and bank re-financings, for restructuring purposes and growth strategies.
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest in shares: 783,268,300	Nil	Nil	Nil	Nil

CORPORATE GOVERNANCE

Name of Directors	Peter Sim	Mae Heng	Sato Hiroshi	Pong Chen Yih	Albert Ellis
Any relationship (including immediate family relationships) with any existing director, executive director, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Peter Sim is brother of JS Sim, Executive Director, Father of Adeline Sim, Executive Director of the Company and Father of Aviel Sim.	No	No	No	No
Conflict of interest (including any competing business)	No	No	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes	Yes
Other Principal Commitments including Directorships					
Past (for the last 5 years)	Nil	<ul style="list-style-type: none"> Pacific Star Development Limited 	<ul style="list-style-type: none"> Technopro Holdings 	Nil	<ul style="list-style-type: none"> Harvey Nash Group Plc Asia House
Present	<ul style="list-style-type: none"> HRnetGroup Limited and its subsidiaries Persimmons Investment Holdings Pte. Ltd. SIMCO Ltd 	<ul style="list-style-type: none"> HRnetGroup Limited Ossia International Limited Chuan Hup Holdings Limited Apex Healthcare Berhad Grand Venture Technology Limited Novo Tellus Alpha Acquisition Rex International Holding Limited Drew & Lee Holdings (Private) Limited Drew & Lee Investment (Private) Limited Drew & Lee Land Pte Ltd 	<ul style="list-style-type: none"> HRnetGroup Limited Open Up Group Inc. 	<ul style="list-style-type: none"> HRnetGroup Limited Figtree Holdings Limited Grand Venture Technology Limited Novus Investment Holdings Pte. Ltd. Novus Corporate Finance Pte. Ltd. Acumen Holdings Pte. Ltd. 	<ul style="list-style-type: none"> HRnetGroup Limited Staffline Group Plc

CORPORATE GOVERNANCE

Name of Directors	Peter Sim	Mae Heng	Sato Hiroshi	Pong Chen Yih	Albert Ellis
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	Yes. Mr Pong Chen Yih was a Non-Executive Director of Umbrella Ventures Pte. Ltd. from August 2020 to June 2021. He was not involved in the day to day management of Umbrella Ventures during the period of his directorship. Following his stepping down as a director, he was informed that Umbrella Ventures was placed under creditors' voluntary liquidation in 21 September 2021 as it was unable to meet its debts as and when they fell due, due to the COVID-19 situation in Singapore which had a significant impact on its business operations in the food and beverage industry. As at the date of this declaration, Umbrella Ventures Pte. Ltd. is still under creditors' voluntary liquidation.	No

CORPORATE GOVERNANCE

Name of Directors	Peter Sim	Mae Heng	Sato Hiroshi	Pong Chen Yih	Albert Ellis
(c) Whether there is any unsatisfied judgement against him?	No	No	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No	No

CORPORATE GOVERNANCE

Name of Directors	Peter Sim	Mae Heng	Sato Hiroshi	Pong Chen Yih	Albert Ellis
(f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No	No

CORPORATE GOVERNANCE

Name of Directors	Peter Sim	Mae Heng	Sato Hiroshi	Pong Chen Yih	Albert Ellis
(i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No	No

DIRECTORS' STATEMENT

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 2022.

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 118 to 162 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 2022, 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
 Heng Su-Ling Mae
 Gao Yong (Appointed on 1 January 2022)
 Sato Hiroshi (Appointed on 1 July 2022)
 Pong Chen Yih (Appointed on 1 July 2022)
 Albert George Hector Ellis (Appointed on 1 October 2022)

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.

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 1967 except as follows:

Name of directors and companies in which interests are held	Shareholdings registered in name of directors		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	–	–	779,064,000 ⁽¹⁾	783,268,300 ⁽¹⁾
Sim Joo Siang	–	–	779,064,000 ⁽¹⁾	783,268,300 ⁽¹⁾
Sim Wei Ling, Adeline	489,600	489,600	779,064,000 ⁽¹⁾	783,268,300 ⁽¹⁾
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 1967, 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 2023 were the same at 31 December 2022.

4. Share options

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

During the financial year, 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.

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

DIRECTORS' STATEMENT

5. Audit Committee

The Audit Committee of the Company, consisting of all non-executive directors, is chaired by Ms Heng Su-Ling Mae, an independent director, and includes Mr Sato Hiroshi and Mr Pong Chen Yih who are also independent directors. The Audit Committee has met 3 times during the year and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

- The audit plans and results of the internal auditors' examination and evaluation of the Group's system of internal accounting controls;
- The Group's financial and operating results and accounting policies;
- The audit plans and results of the external auditors;
- 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 auditor's report on those financial statements;
- The half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;
- The co-operation and assistance given by management to the Group's external auditors and internal auditors; and
- 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

Sim Yong Siang

Sim Joo Siang

16 March 2023

INDEPENDENT AUDITOR'S REPORT

To the members of HRnetGroup Limited

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 2022 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 pages 118 to 162.

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 1967 (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 2022 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 *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.

INDEPENDENT AUDITOR'S REPORT

To the members of HRnetGroup Limited

Key audit matter	How the matter was addressed in the audit
<p><u>Revenue recognition for professional recruitment and flexible staffing</u></p> <p>The Group recognised professional recruitment and flexible staffing revenue of \$97 million and \$510 million respectively for the year ended 31 December 2022.</p> <p>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 is recognised before revenue recognition criteria are met, resulting in revenue being recognised in the incorrect period.</p> <p>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.</p> <p>Refer to Note 2 for the relevant accounting policies.</p>	<p>Our procedures in relation to this key audit matter on revenue recognition included:</p> <ul style="list-style-type: none"> • Obtained an understanding of the revenue processes, evaluated the design and implementation and tested the operating effectiveness of relevant controls relating to revenue recognition. • 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 between the candidate and the customer, as indicated in the Terms of Service. • Performed cut off testing: (1) on a sample of 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) on a sample of flexible staffing revenue, verified that the revenue relates to service provided by the contractor employee in the current year. <p>We have also assessed and reviewed the adequacy and appropriateness of the disclosures made in the financial statements.</p>

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.

INDEPENDENT AUDITOR'S REPORT

To the members of HRnetGroup Limited

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 Responsibilities 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.

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.

INDEPENDENT AUDITOR'S REPORT

To the members of HRnetGroup Limited

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 auditor'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 Tay Hwee Ling.

Public Accountants and
Chartered Accountants
Singapore

16 March 2023

STATEMENTS OF FINANCIAL POSITION

To the members of HRnetGroup Limited

	Note	Group		Company	
		2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	284,567	327,078	11,050	90,448
Trade receivables	7	99,830	114,194	-	-
Other receivables and prepayments	8	7,035	5,444	91,126	67,035
Other assets		1,093	-	1,093	-
Other financial assets	9	46,584	24,959	46,584	24,959
Total current assets		439,109	471,675	149,853	182,442
Non-current assets					
Pledged deposits	6	1,031	1,141	-	-
Plant and equipment	10	1,532	1,478	-	-
Right-of-use assets	11	9,630	12,622	-	-
Other intangible assets	12	1,340	1,284	-	-
Goodwill	13	5,862	5,185	-	-
Subsidiaries	14	-	-	48,427	48,427
Other financial assets	9	24,036	35,080	22,435	34,422
Deferred tax assets	15	1,446	1,845	-	-
Total non-current assets		44,877	58,635	70,862	82,849
Total assets		483,986	530,310	220,715	265,291
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	16	8,197	9,470	-	-
Other payables and accruals	17	76,693	107,132	198	10,217
Lease liabilities	18	5,466	6,392	-	-
Income tax payable		10,657	12,693	84	142
Total current liabilities		101,013	135,687	282	10,359
Non-current liabilities					
Deferred tax liabilities	15	356	309	-	-
Lease liabilities	18	4,394	6,458	-	-
Total non-current liabilities		4,750	6,767	-	-

STATEMENTS OF FINANCIAL POSITION

To the members of HRnetGroup Limited

	Note	Group		Company	
		2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
Capital, reserves and non-controlling interests					
Share capital	19	260,605	260,605	260,605	260,605
Treasury shares	19	(14,494)	(4,503)	(14,494)	(4,503)
Equity reserve	20	(47,369)	(47,838)	(437)	(437)
Investments revaluation reserve	21	(46,351)	(35,431)	(46,351)	(35,431)
Translation reserve	22	(2,653)	1,428	-	-
Retained earnings		212,081	195,983	21,110	34,698
Equity attributable to owners of the Company		361,819	370,244	220,433	254,932
Non-controlling interests		16,404	17,612	-	-
Total equity		378,223	387,856	220,433	254,932
Total liabilities and equity		483,986	530,310	220,715	265,291

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

Year ended 31 December 2022

	Note	Group	
		2022 \$'000	2021 \$'000
Revenue	23	611,775	590,540
Sub-contractor expenses		(437,621)	(415,637)
Gross profit		174,154	174,903
Other income, net	24	19,982	15,942
Selling, general, administrative and other expenses:			
Other employee benefit expenses		(87,867)	(87,757)
Facilities and depreciation expenses		(11,499)	(11,629)
Selling expenses		(2,757)	(2,893)
Other expenses		(4,835)	(3,311)
Finance costs		(418)	(472)
Profit before income tax		86,760	84,783
Income tax expense	25	(14,300)	(14,516)
Profit for the year	26	72,460	70,267
Other comprehensive (loss) income:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net fair value (loss) gain on investments in equity instruments designated at FVTOCI	21	(10,920)	7,232
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(5,122)	793
Other comprehensive (loss) income for the year, net of tax		(16,042)	8,025
Total comprehensive income for the year		56,418	78,292
Profit attributable to:			
Owners of the Company		67,535	65,490
Non-controlling interests		4,925	4,777
		72,460	70,267
Total comprehensive income attributable to:			
Owners of the Company		52,534	73,215
Non-controlling interests		3,884	5,077
		56,418	78,292
Basic and diluted earnings per share (cents)	27	6.75	6.53

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Note	Share capital \$'000	Treasury shares \$'000	Equity reserve \$'000	Investments revaluation reserve \$'000	Translation reserve \$'000	Retained earnings \$'000	Equity attributable to owners of the Company	Non-controlling interests	Total equity
								\$'000	\$'000	\$'000
Group										
Balance as at 1 January 2021		260,605	(5,153)	(47,656)	(42,663)	935	165,598	331,666	15,482	347,148
<i>Total comprehensive income for the year</i>										
Profit for the year		-	-	-	-	-	65,490	65,490	4,777	70,267
Other comprehensive income for the year		-	-	-	7,232	493	-	7,725	300	8,025
Total		-	-	-	7,232	493	65,490	73,215	5,077	78,292
<i>Transactions with owners, recognised directly in equity</i>										
Dividends	28	-	-	-	-	-	(35,105)	(35,105)	-	(35,105)
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	(2,128)	(2,128)
Treasury shares reissued pursuant to 88Glow Plan	19	-	650	23	-	-	-	673	-	673
Change in ownership interests in subsidiaries	14	-	-	(205)	-	-	-	(205)	(819)	(1,024)
Total		-	650	(182)	-	-	(35,105)	(34,637)	(2,947)	(37,584)
Balance as at 31 December 2021		260,605	(4,503)	(47,838)	(35,431)	1,428	195,983	370,244	17,612	387,856
Balance as at 1 January 2022		260,605	(4,503)	(47,838)	(35,431)	1,428	195,983	370,244	17,612	387,856
<i>Total comprehensive income (loss) for the year</i>										
Profit for the year		-	-	-	-	-	67,535	67,535	4,925	72,460
Other comprehensive loss for the year		-	-	-	(10,920)	(4,081)	-	(15,001)	(1,041)	(16,042)
Total		-	-	-	(10,920)	(4,081)	67,535	52,534	3,884	56,418
<i>Transactions with owners, recognised directly in equity</i>										
Dividends	28	-	-	-	-	-	(51,441)	(51,441)	(3,355)	(54,796)
Purchase of treasury shares	19	-	(10,085)	-	-	-	-	(10,085)	-	(10,085)
Non-controlling interests arising from acquisition and capital contribution		-	-	-	-	-	-	-	451	451
Treasury shares reissued pursuant to share-based payment expenses	19	-	67	-	-	-	4	71	-	71
Treasury shares reissued in connection with Octomate's consideration	19	-	27	(1)	-	-	-	26	-	26
Change in ownership interests in subsidiaries	14	-	-	470	-	-	-	470	(2,188)	(1,718)
Total		-	(9,991)	469	-	-	(51,437)	(60,959)	(5,092)	(66,051)
Balance as at 31 December 2022		260,605	(14,494)	(47,369)	(46,351)	(2,653)	212,081	361,819	16,404	378,223

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Note	Share capital	Treasury shares	Equity reserve	Investments revaluation reserve	Retained earnings	Total equity
Company		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2021		260,605	(5,153)	(437)	(42,663)	34,279	246,631
<i>Total comprehensive income for the year</i>							
Profit for the year		-	-	-	-	35,524	35,524
Other comprehensive income for the year		-	-	-	7,232	-	7,232
Total		-	-	-	7,232	35,524	42,756
<i>Transactions with owners, recognised directly in equity</i>							
Dividends	28	-	-	-	-	(35,105)	(35,105)
Treasury shares reissued pursuant to 88Glow Plan	19	-	650	-	-	-	650
Total		-	650	-	-	(35,105)	(34,455)
Balance as at 31 December 2021		260,605	(4,503)	(437)	(35,431)	34,698	254,932
Balance as at 1 January 2022		260,605	(4,503)	(437)	(35,431)	34,698	254,932
<i>Total comprehensive (loss) income for the year</i>							
Profit for the year		-	-	-	-	37,849	37,849
Other comprehensive loss for the year		-	-	-	(10,920)	-	(10,920)
Total		-	-	-	(10,920)	37,849	26,929
<i>Transactions with owners, recognised directly in equity</i>							
Dividends	28	-	-	-	-	(51,441)	(51,441)
Purchase of treasury shares	19	-	(10,085)	-	-	-	(10,085)
Treasury shares reissued pursuant to share-based payment expenses	19	-	67	-	-	4	71
Treasury shares reissued in connection with Octomate's consideration	19	-	27	-	-	-	27
Total		-	(9,991)	-	-	(51,437)	(61,428)
Balance as at 31 December 2022		260,605	(14,494)	(437)	(46,351)	21,110	220,433

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	Group	
	2022	2021
	\$'000	\$'000
Operating activities		
Profit before income tax	86,760	84,783
Adjustments for:		
Depreciation of plant and equipment	989	1,196
Depreciation of right-of-use assets	7,243	7,618
Amortisation of intangible assets	349	304
Negative variable lease payments(ii)	-	(82)
Gain on lease modification	(9)	-
Interest income	(2,719)	(1,293)
Finance costs	418	472
Dividend income	(941)	(873)
Share-based payment expenses	71	-
Gain on disposal of plant and equipment	(15)	-
Gain on disposal of investments	(865)	(3,877)
Net fair value loss (gain) on financial assets mandatorily measured at FVTPL	6,565	(520)
Net fair value gain on other assets	(12)	-
Fair value loss on deferred consideration	-	235
(Write-back) allowance for doubtful receivables	(71)	124
Operating cash flows before movements in working capital	97,763	88,087
Trade receivables	14,464	(48,062)
Other receivables and prepayments	(323)	1,067
Trade payables	(1,278)	2,992
Other payables and accruals	(20,711)	20,459
Cash generated from operations	89,915	64,543
Interest received	1,477	1,419
Interest paid	(418)	(472)
Income tax paid	(15,735)	(12,812)
Net cash from operating activities	75,239	52,678
Investing activities		
Dividends received	907	845
Purchase of plant and equipment and intangible assets	(1,536)	(1,375)
Proceeds from disposal of plant and equipment	18	-
Purchase of financial assets mandatorily measured at FVTPL	(23,990)	(30,187)
Proceeds from disposal of financial assets mandatorily measured at FVTPL	14,648	10,501
Purchase of financial asset measured at amortised cost	(17,859)	-
Purchase of other assets	(1,081)	-
Consideration paid on acquisition of subsidiaries	(635)	(4,349)
Net cash used in investing activities	(29,528)	(24,565)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	Group	
	2022	2021
	\$'000	\$'000
Financing activities		
Dividends paid to non-controlling shareholders	(3,339)	(1,669)
Dividends paid	(61,478)	(25,067)
Net withdrawal (placement) of pledged deposits	56	(145)
Purchase of treasury shares	(10,085)	-
Capital contributions by non-controlling shareholders in subsidiaries	450	-
Change in ownership interests in subsidiaries	(1,667)	(351)
Repayment of lease liabilities	(7,172)	(7,622)
Net cash used in financing activities	(83,235)	(34,854)
Net decrease in cash and cash equivalents	(37,524)	(6,741)
Cash and cash equivalents at beginning of the year	327,078	332,234
Effect of foreign exchange rate changes	(4,987)	1,585
Cash and cash equivalents at end of the year (Note 6)	284,567	327,078

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Non-cash changes						31 December 2022
	1 January 2022	Financing cash flows ⁽ⁱ⁾	New lease liabilities	Lease Modifications	Negative variable lease payments ⁽ⁱⁱ⁾	Foreign exchange movements	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Lease liabilities	12,850	(7,172)	963	3,878	-	(659)	9,860

	Non-cash changes						31 December 2021
	1 January 2022	Financing cash flows ⁽ⁱ⁾	New lease liabilities	Lease Modifications	Negative variable lease payments ⁽ⁱⁱ⁾	Foreign exchange movements	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Lease liabilities	8,536	(7,622)	1,544	10,332	(82)	142	12,850

⁽ⁱ⁾ The cash flows represent repayments of lease liabilities in the consolidated statement of cash flows.

⁽ⁱⁱ⁾ In 2021, the Group received rental rebates from landlords of \$82,000 for the rental of office premises. The rental rebates have been accounted for as negative variable lease payments in profit or loss and are included in the "other income" line item.

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

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 14 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 2022 were authorised for issue by the Board of Directors on 16 March 2023.

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 Singapore Companies Act and SFRS(I)s.

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) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as 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.

ADOPTION OF NEW AND REVISED STANDARDS - On 1 January 2022, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

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.

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Changes in the Group's ownership interests in existing subsidiaries

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.

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.

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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)s 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).

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.

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 are subsequently measured at fair value through profit or loss ("FVTPL").

Despite the foregoing, 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 fair value through other comprehensive income ("FVTOCI") criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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.

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.

Equity instruments designated at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 Business Combinations applies.

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Equity instruments designated at FVTOCI (cont'd)

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).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

The Group has designated investments in equity instruments that are not held for trading at FVTOCI on initial application of SFRS(I) 9 *Financial Instruments* (see Note 9).

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 at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination at FVTOCI on initial recognition.
- debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

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

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 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 expenses” line item.
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (“ECL”) on trade and other receivables. No impairment loss is recognised for investments in equity and debt 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.

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.

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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. 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.

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. In addition, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 instrument 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.

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 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 at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

LEASES - The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentive.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Onerous Contracts – Cost of Fulfilling a Contract*. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

PLANT AND EQUIPMENT - Plant and equipment are carried at cost less accumulated depreciation and any accumulated 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 6 years
Office equipment	-	2 to 5 years
Renovation	-	1 to 6 years
Computers and systems	-	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.

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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	-	5 years
Customer relationship	-	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.

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.

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

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 sales of services by contractor employees to customers ("flexible staffing" revenue) and the recruitment 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 the promised services is rendered 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 monthly basis as the flexible staffing services are rendered 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.

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Professional recruitment

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. 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 service has been rendered.

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.

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 is 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).

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 are expressed in Singapore dollars using exchange rates prevailing on the end of the reporting period. Income and expense items 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.

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES 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 any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

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 those relating to trade related accruals. Management determines trade related accruals by considering historical payment pattern, profile of the counterparties and forward-looking information, which are the key assumptions in measuring the expected amount of trade related accruals.

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	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Financial assets at amortised cost	408,893	446,482	120,020	157,473
Financial assets mandatorily measured at FVTPL	35,229	31,587	33,628	30,929
Financial assets designated at FVTOCI	17,532	28,452	17,532	28,452
	<u>461,654</u>	<u>506,521</u>	<u>171,180</u>	<u>216,854</u>
Financial liabilities				
Financial liabilities at amortised cost	60,367	73,754	198	10,217
Lease liabilities	9,860	12,850	-	-
	<u>70,227</u>	<u>86,604</u>	<u>198</u>	<u>10,217</u>

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(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 Singapore dollar, United States dollar, Japanese yen, Great British pound, Hong Kong dollar and Chinese yuan against the functional currencies of the respective Group entities.

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:

	Assets		Liabilities	
	2022	2021	2022	2021
Group	\$'000	\$'000	\$'000	\$'000
Singapore dollar	2,006	3,023	-	-
United States dollar	5,827	8,629	(2)	(13)
Japanese yen	16,753	18,855	-	-
Great British pound	15,914	30,783	-	-
Hong Kong dollar	10,136	8,036	-	-
Chinese yuan	170	740	-	-

	Assets		Liabilities	
	2022	2021	2022	2021
Company	\$'000	\$'000	\$'000	\$'000
United States dollar	2,857	6,427	-	-
Japanese yen	16,157	18,855	-	-
Great British pound	15,914	30,783	-	-
Hong Kong dollar	7,374	7,982	-	-

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.

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

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)

Foreign currency sensitivity analysis (cont'd)

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

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Singapore dollar	201	302	-	-
United States dollar	583	862	286	643
Japanese yen	1,675	1,886	1,616	1,886
Great British pound	1,591	3,078	1,591	3,078
Hong Kong dollar	1,014	804	737	798
Chinese yuan	17	74	-	-

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 and investments in quoted debt securities, 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 at FVTPL and at FVTOCI. Equity investments measured at FVTOCI are held for strategic rather than trading purposes. The Group does not actively trade such investments.

Further details of these equity investments can be found in Note 9.

Equity price sensitivity analysis

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

In respect of equity investments at FVTOCI, if equity prices had been 10% higher/lower, the Group's investments revaluation reserve would decrease/increase by \$1.8 million (2021 : \$2.8 million).

In respect of equity investments at FVTPL, if equity prices had been 10% higher/lower, the Group's profit before tax for the year ended 31 December 2022 would increase/decrease by \$2.2 million (2021 : \$2.6 million).

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

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

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.

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 \$'000	Loss allowance \$'000	Net carrying amount \$'000
Group						
<u>2022</u>						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	99,830	-	99,830
Other receivables	8	Performing	12-month ECL	5,606	-	5,606
					-	
<u>2021</u>						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	115,200	(1,006)	114,194
Other receivables	8	Performing	12-month ECL	4,069	-	4,069
					(1,006)	

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

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)

Company	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
2022						
Other receivables	8	Performing	12-month ECL	91,111	-	91,111
2021						
Other receivables	8	Performing	12-month ECL	67,025	-	67,025

- (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.

(v) 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 continuously and the aggregate value of transactions concluded is spread amongst approved counterparties.

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 (2021 : \$16.5 million is due from the Group's largest customer). 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.

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

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

(vi) 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 2022 and 2021, except for the fixed deposits as disclosed in Note 6, the debt and equity securities as disclosed in Note 9 and the lease liabilities as disclosed in Note 18, are interest-free and are repayable on demand or due within 1 year from the end of the reporting period.

(vii) 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 the end of the reporting period.

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).

Financial assets/ financial liabilities	Fair value as at (\$'000)				Fair value hierarchy	Valuation technique(s) and input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	Group		Company					
	2022	2021	2022	2021				
Financial assets mandatorily measured at fair value through profit or loss (see Note 9)								
1) Quoted equity securities	20,642	24,959	20,642	24,959	Level 1	Quoted bid prices in an active market.	N.A.	N.A.
2) Quoted debt securities	4,903	5,970	4,903	5,970	Level 1	Quoted bid prices in an active market.	N.A.	N.A.
3) Unquoted equity security	1,601	658	-	-	Level 2	Unquoted bid prices in markets that are not active.	N.A.	N.A.
4) Unquoted debt securities	8,083	-	8,083	-	Level 2	Unquoted bid prices in markets that are not active.	N.A.	N.A.
Financial assets designated at fair value through other comprehensive income (see Note 9)								
5) Quoted equity securities	17,532	28,452	17,532	28,452	Level 1	Quoted bid prices in an active market.	N.A.	N.A.

There were no transfers between Level 1, 2 and 3 in the period. 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.

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(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 intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

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	
	2022	2021
	\$'000	\$'000
Short-term benefits	5,029	8,906
Post-retirement benefits	136	138
Share-based payments	71	-
	<u>5,236</u>	<u>9,044</u>

6 CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	115,217	165,266	11,050	25,048
Fixed and structured deposits	167,365	160,095	-	65,400
Restricted cash	1,985	1,717	-	-
Cash and cash equivalents in the statement of cash flows	<u>284,567</u>	<u>327,078</u>	<u>11,050</u>	<u>90,448</u>
Pledged deposits	<u>1,031</u>	<u>1,141</u>	-	-

Fixed and structured deposits bore interest at rates ranging from 0.25% to 3.95% (2021 : 0.08% to 2.9%) per annum and for a tenure of 7 days to 12 months (2021 : 7 days 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.

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

7 TRADE RECEIVABLES

	Group	
	2022	2021
	\$'000	\$'000
Outside parties	99,830	115,200
Loss allowance	-	(1,006)
	<u>99,830</u>	<u>114,194</u>

The average credit period for the rendering of services is 7 to 60 days (2021 : 7 to 60 days). Interest is chargeable on certain 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.

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.

	Group					
	Trade receivables - days past due					
	Not past due	≤ 30 days	31 to 60 days	61 to 90 days	> 90 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022						
Estimated total gross carrying amount at default	60,714	27,495	8,413	2,339	869	99,830
Lifetime ECL	-	-	-	-	-	-
						<u>99,830</u>
2021						
Estimated total gross carrying amount at default	67,967	28,694	11,507	5,434	1,598	115,200
Lifetime ECL	-	-	-	-	(1,006)	(1,006)
						<u>114,194</u>

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

7 TRADE RECEIVABLES (cont'd)

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 \$'000
Balance as at 1 January 2021	885
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	124
Amounts written off	(10)
Exchange realignment	7
Balance as at 31 December 2021	1,006
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	(71)
Amounts written off	(916)
Exchange realignment	(19)
Balance as at 31 December 2022	-

As at 1 January 2021, trade receivables, accrued revenue and advance billings from contracts with customers amounted to \$66.3 million (net of loss allowance of \$0.9 million), \$1.0 million (Note 8) and \$4.4 million (Note 17) respectively. Advance billings are recognised as revenue when the Group performs under the contract within 12 months subsequent to year end.

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Deposits	2,763	2,840	-	-
Prepayments	1,429	1,375	15	10
Dividends due from subsidiaries	-	-	-	22,300
Other receivables due from subsidiaries	-	-	90,840	44,498
Interest receivable	1,465	222	149	130
Dividend receivable	117	96	117	96
Accrued revenue	1,176	791	-	-
Others	85	120	5	1
	<u>7,035</u>	<u>5,444</u>	<u>91,126</u>	<u>67,035</u>

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.

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

9 OTHER FINANCIAL ASSETS

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Financial assets mandatorily measured at FVTPL:				
Held-for-trading non-derivative financial assets				
- quoted equity securities (current)	20,642	24,959	20,642	24,959
- unquoted debt security (current)	8,083	-	8,083	-
- quoted debt securities (non-current)	4,903	5,970	4,903	5,970
- unquoted equity security (non-current)	1,601	658	-	-
	<u>35,229</u>	<u>31,587</u>	<u>33,628</u>	<u>30,929</u>
Financial assets at FVTOCI:				
Investments in equity instruments designated at FVTOCI				
- quoted equity securities (non-current)	17,532	28,452	17,532	28,452
Financial asset measured at amortised costs:				
Investment in debt security designated at amortised costs				
- unquoted debt security (current)	17,859	-	17,859	-
Total other financial assets (current)	46,584	24,959	46,584	24,959
Total other financial assets (non-current)	24,036	35,080	22,435	34,422
Total other financial assets	<u>70,620</u>	<u>60,039</u>	<u>69,019</u>	<u>59,381</u>

Financial assets mandatorily measured at FVTPL

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.

The investment in unquoted debt security comprises of Credit Linked Notes ("CLN") issued by a bank with good credit rating with effective yield of 4.18%. The Group subscribed CLN at market price and will be redeemed at face value upon maturity within a year. CLN held by the Group are within a business model with the objective of realising cash flows through the sale of the asset with collection of contractual cash flows incidental to it, hence classified as at FVTPL.

The investments in quoted debt securities include 2 quoted corporate bonds (2021 : 2) that are paying 3.3% and 2.185% of interest per annum respectively. One of the bonds is a perpetual bond while another will mature in October 2036. The corporate bonds are held by the Group within a business model with the objective of realising cash flows through the sale of the assets with collection of contractual cash flows incidental to it, hence classified as at FVTPL.

Unquoted equity investment comprise venture capital investment in 1 entity (2021 : 1) which represent less than 20% shareholdings in the entity. The investment is measured at fair value through profit or loss in accordance with SFRS(I) 9 Financial Instruments, as it represents an investment which the Group manages together with an intention of profit taking when the opportunity arises.

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

9 OTHER FINANCIAL ASSETS (cont'd)

Investments in equity instruments designated at FVTOCI

The investments in quoted equity securities 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.

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, management has elected to designate these investments in equity instruments at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

No investment in equity investments designated at FVTOCI has been disposed of during the current reporting period.

Financial asset measured at amortised costs

The investment in unquoted debt security refers to investment in short-term Singapore Government Securities ("SGS") issued by the Monetary Authority of Singapore at discount yields ranging from 3.67% to 4.09% to their face value and will be redeemed upon maturity within a year. SGS held by the group within a business model whose objective is to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding. Hence, it is classified as at amortised cost.

For the purposes of impairment assessment, financial asset measured at amortised costs is considered to have low credit risk as the counterparty to the investment has a AAA credit rating. Accordingly, for the purpose of impairment assessment for these financial assets, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the expected credit losses for these assets, management has taken into account the various external sources of economic data and credit rating by international credit rating agencies in estimating the probability of default of each of the financial asset occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

10 PLANT AND EQUIPMENT

Group	Furniture and fittings	Office equipment	Renovation	Computers and systems	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:					
At 1 January 2021	720	831	8,893	4,795	15,239
Additions	6	36	742	356	1,140
Exchange realignment	2	4	(2)	35	39
Disposals	(10)	(117)	(1,090)	(648)	(1,865)
At 31 December 2021	718	754	8,543	4,538	14,553
Additions	82	38	656	355	1,131
Exchange realignment	(40)	(32)	(487)	(166)	(725)
Disposals	(67)	(83)	(1,038)	(329)	(1,517)
At 31 December 2022	693	677	7,674	4,398	13,442
Accumulated depreciation:					
At 1 January 2021	(665)	(763)	(8,096)	(4,212)	(13,736)
Depreciation for the year	(49)	(52)	(653)	(442)	(1,196)
Exchange realignment	-	(3)	18	(23)	(8)
Disposals	10	117	1,090	648	1,865
At 31 December 2021	(704)	(701)	(7,641)	(4,029)	(13,075)
Depreciation for the year	(21)	(37)	(537)	(394)	(989)
Exchange realignment	38	29	428	145	640
Disposals	66	83	1,038	327	1,514
At 31 December 2022	(621)	(626)	(6,712)	(3,951)	(11,910)
Carrying amount:					
At 31 December 2021	14	53	902	509	1,478
At 31 December 2022	72	51	962	447	1,532

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

11 RIGHT-OF-USE ASSETS

The Group leases office premises. The lease term ranges from 1 year to 5.5 years (2021 : 1 year to 5.5 years).

	Office premises \$'000
Group	
Cost:	
At 1 January 2021	21,706
Additions	1,544
Lease modifications	10,332
Exchange realignment	266
Derecognition	(762)
At 31 December 2021	33,086
Additions	963
Lease modifications	3,327
Exchange realignment	(1,830)
Derecognition	(1,003)
At 31 December 2022	34,543
Accumulated depreciation:	
At 1 January 2021	(13,504)
Depreciation for the year	(7,618)
Exchange realignment	(104)
Derecognition	762
At 31 December 2021	(20,464)
Depreciation for the year	(7,243)
Lease modifications	560
Exchange realignment	1,231
Derecognition	1,003
At 31 December 2022	(24,913)
Carrying amount:	
At 31 December 2021	12,622
At 31 December 2022	9,630

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

12 OTHER INTANGIBLE ASSETS

The amortisation expense has been included in the line item "facilities and depreciation expense" in profit or loss.

	Computer software \$'000	Customer relationship \$'000	Total \$'000
Group			
Cost:			
At 1 January 2021	2,080	1,362	3,442
Additions	235	-	235
At 31 December 2021	2,315	1,362	3,677
Additions	405	-	405
At 31 December 2022	2,720	1,362	4,082
Accumulated amortisation:			
At 1 January 2021	(1,692)	(397)	(2,089)
Amortisation for the year	(134)	(170)	(304)
At 31 December 2021	(1,826)	(567)	(2,393)
Amortisation for the year	(178)	(171)	(349)
At 31 December 2022	(2,004)	(738)	(2,742)
Carrying amount:			
At 31 December 2021	489	795	1,284
At 31 December 2022	716	624	1,340

13 GOODWILL

	Group	
	2022 \$'000	2021 \$'000
Cost representing carrying amount:		
At 1 January	5,185	5,185
Arising from the acquisition of subsidiary	677	-
At 31 December	5,862	5,185

During the year, the Group acquired the business of Octomate Pte Ltd, the financial effect of which is insignificant to the Group. As such, no further disclosures have been made in relation to this acquisition.

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	
	2022 \$'000	2021 \$'000
Professional recruitment - a single CGU in People's Republic of China	4,683	4,683
Others*	1,179	502
	5,862	5,185

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

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

13 GOODWILL (cont'd)

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

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates and growth rates during the period. Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the CGUs using the CGUs' WACC determined using Capital Asset Pricing Model. The growth rates are based on CGUs-specific growth forecasts.

The Group prepares four years (2021 : four years) forecasts and extrapolates cash flow forecasts based on an estimated average revenue growth rate of 13% (2021 : 24%). Cash flows beyond this period are extrapolated based on an estimated growth rate of 2% (2021 : 2%). This rate does not exceed the average long-term revenue growth rate for the relevant markets.

The rate used to discount the forecast cash flows from the single CGU in People's Republic of China is 18.2 % (2021 : 18.2%) per annum.

As at 31 December 2022, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

14 SUBSIDIARIES

	Company	
	2022	2021
	\$'000	\$'000
Unquoted equity shares, at cost	48,427	48,427

Details of the Company's significant subsidiaries at 31 December 2022 are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held	
			2022	2021
			%	%
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.

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

14 SUBSIDIARIES (cont'd)

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

	2022	2021
	\$'000	\$'000
Consideration for changes in ownership interest in subsidiaries	(1,718)	(1,024)
Non-controlling interests acquired	2,188	819
Difference recognised in equity reserves (Note 20)	470	(205)

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	
		2022	2021
Personnel recruitment and provision of human resource related services.	Singapore, Japan, South Korea, People's Republic of China, Indonesia	11	11
Employment, recruitment and personnel placement agency.	Singapore	4	4
Head office of enterprises operating abroad as employment, recruitment and personnel placement agency.	Singapore, Taiwan	4	4
Investment holding.	Singapore, Hong Kong	3	3
Outsourcing of HR related service and personnel recruitment.	People's Republic of China	1	1
Labour dispatch and personnel recruitment.	People's Republic of China	1	1
Management of human resource functions and human resource consultancy services.	Singapore	1	1
Executive search and personnel placement agency.	Hong Kong	2	2
Provision of recruitment agency services.	Hong Kong	3	3
Personnel recruitment agency.	Malaysia	4	4
Provision of temporary and contracted staffing services.	Malaysia	2	2
Investment holding and management consultancy.	Thailand	1	1
Executive and management recruitment.	Thailand	1	1
Private employees procurement agency business licence.	Indonesia	2	2
Information technology consultancy.	Singapore	1	-
Dormant.	Singapore, Hong Kong, Taiwan, Malaysia, Australia	5	5
		46	45

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

15 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	
	2022	2021
	\$'000	\$'000
Deferred tax assets	1,446	1,845
Deferred tax liabilities	(356)	(309)
	<u>1,090</u>	<u>1,536</u>

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	Provisions and other temporary differences	Total
	\$'000	\$'000	\$'000
At 1 January 2021	31	960	991
Exchange realignment	-	7	7
Credit to profit or loss for the year (Note 25)	11	527	538
At 31 December 2021	42	1,494	1,536
Exchange realignment	(2)	(110)	(112)
Credit to profit or loss for the year (Note 25)	(67)	(267)	(334)
At 31 December 2022	<u>(27)</u>	<u>1,117</u>	<u>1,090</u>

16 TRADE PAYABLES

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

17 OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Accrued operating expenses	56,289	58,600	187	179
Other trade accruals and payables	11,607	27,788	-	-
Advanced billings	4,765	7,312	-	-
Deposits from customers	2,346	1,667	-	-
Dividends payable	1,686	11,765	-	10,038
Other payables due from subsidiary	-	-	11	-
	<u>76,693</u>	<u>107,132</u>	<u>198</u>	<u>10,217</u>

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

18 LEASE LIABILITIES

Maturity analysis:

	Group	
	2022	2021
	\$'000	\$'000
Year 1	5,866	6,972
Year 2	3,729	4,117
Year 3	617	2,277
Year 4	25	47
Year 5	-	27
	<u>10,237</u>	<u>13,440</u>
Less: Unearned interest	(377)	(590)
	<u>9,860</u>	<u>12,850</u>

Analysed as:

Current	5,466	6,392
Non-current	4,394	6,458
	<u>9,860</u>	<u>12,850</u>

The Group does not face a significant liquidity risk with regard to its lease liabilities.

19 SHARE CAPITAL AND TREASURY SHARES

Share capital

	Group and Company			
	Number of shares		Issued and paid up	
	2022	2021	2022	2021
	'000	'000	\$'000	\$'000
Issued and paid up:				
- At 1 January and 31 December	<u>1,011,407</u>	<u>1,011,407</u>	<u>260,605</u>	<u>260,605</u>

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

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

19 SHARE CAPITAL AND TREASURY SHARES (cont'd)

Treasury shares

	Group and Company			
	Number of treasury shares		Amount	
	2022	2021	2022	2021
	'000	'000	\$'000	\$'000
At 1 January	7,634	8,735	4,503	5,153
Treasury shares purchased	12,894	-	10,085	-
Treasury shares reissued pursuant to 88Glow Plan	-	(1,101)	-	(650)
Treasury shares reissued pursuant to share-based payment expenses	(98)	-	(67)	-
Treasury shares reissued in connection with Octomate's consideration	(40)	-	(27)	-
At 31 December	20,390	7,634	14,494	4,503

The Company acquired 12,894,000 (2021 : Nil) of its issued shares through purchases on the SGX-ST during the financial year. The total amount paid to acquire the shares was \$10.1 million (2021 : \$Nil) and this was presented as a component within shareholders' equity.

In 2021, the Company reissued 1,101,000 treasury shares during the financial year pursuant to the 88Glow Plan. In 2022, the Company reissued 98,000 and 40,000 treasury shares during the financial year pursuant to the share-based payment expenses and Octomate's consideration respectively. The Company expects to use the remaining treasury shares for purposes in accordance with Section 76K of the Companies Act 1967, including in relation to future employment share plans, placements and acquisitions.

20 EQUITY RESERVE

Equity reserves represent the following:

- difference between purchase consideration and net assets transferred for business combination involving entities under common control; and
- difference between consideration for changes in ownership interest in subsidiaries and non-controlling interest acquired or disposed.

21 INVESTMENTS REVALUATION RESERVE

The investments revaluation reserve represents the cumulative losses arising on the revaluation of investments in equity instruments designated at FVTOCI.

Movement in investments revaluation reserves:

	Group and Company	
	2022	2021
	\$'000	\$'000
At 1 January	35,431	42,663
Fair value loss (gain) on investments in equity instruments designated at FVTOCI	10,920	(7,232)
At 31 December	46,351	35,431

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

22 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.

23 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 Operating segments (see Note 30). A disaggregation of the Group's revenue for the year has been disclosed in Note 30.

24 OTHER INCOME, NET

	Group	
	2022	2021
	\$'000	\$'000
Interest income	2,719	1,293
Dividend income	941	873
Gain on disposal of financial assets mandatorily measured at FVTPL	865	3,877
Net fair value (loss) gain on financial assets mandatorily measured at FVTPL	(6,565)	520
Government grants/subsidies and rebates	6,951	9,144
Negative variable lease payments	-	82
Reversal of trade related accruals	14,840	-
Others	231	153
	19,982	15,942

25 INCOME TAX EXPENSE

	Group	
	2022	2021
	\$'000	\$'000
Current tax	13,690	14,526
(Over) Under provision of current tax in prior year	(195)	36
Deferred tax (Note 15)	334	(538)
Withholding tax	471	492
	14,300	14,516

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

25 INCOME TAX EXPENSE (cont'd)

Domestic income tax is calculated at 17% (2021 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	Group	
	2022	2021
	\$'000	\$'000
Profit before income tax	86,760	84,783
Income tax expense at statutory tax rate	14,749	14,413
Non-taxable items	(1,502)	(837)
Tax rate differentials between Singapore and foreign countries	1,014	1,013
(Over) Under provision of current tax in prior year	(195)	36
Effect of tax exemption and rebate	(389)	(415)
Withholding tax	471	492
Others	152	(186)
	14,300	14,516

26 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Group	
	2022	2021
	\$'000	\$'000
Defined contribution plans ⁽¹⁾	39,973	42,070
Write-back (allowance) for doubtful receivables	71	(124)
Depreciation of plant and equipment	989	1,196
Depreciation of right-of-use assets	7,243	7,618
Amortisation of intangible assets	349	304
Expenses relating to short-term leases	300	190
Audit fees:		
- Deloitte & Touche LLP, Singapore	195	182
- Other Deloitte offices	190	190
Non-audit fees:		
- Deloitte & Touche LLP, Singapore	84	59
- Other Deloitte offices	120	209

⁽¹⁾ The defined contribution plans of contractor employees have been included in this disclosure.

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

27 EARNINGS PER SHARE

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

	Group	
	2022	2021
	\$'000	\$'000
Profit attributable to owners of the Company	67,535	65,490
	Group	
	Number of shares	
	2022	2021
	'000	'000
Weighted average number of ordinary shares used to compute basic and diluted earnings per share	1,001,132	1,003,158
Basic and diluted earnings per share (cents)	6.75	6.53

28 DIVIDENDS

On 21 April 2021, in connection with the financial year ended 31 December 2020, the Company declared a final one-tier tax exempt ordinary dividend of approximately \$25.1 million (\$0.025 per share) which were paid on 6 May 2021 to its registered shareholders.

On 19 November 2021, in connection with the financial year ended 31 December 2021, the Company declared a one-tier tax exempt special dividend of approximately \$10.0 million (\$0.01 per share) which were paid on 11 January 2022 to its registered shareholders.

On 28 April 2022, in connection with the financial year ended 31 December 2021, the Company declared a final one-tier tax exempt ordinary dividend of approximately \$30.1 million (\$0.03 per share) which were paid on 18 May 2022 to its registered shareholders.

In respect of the current financial year, the Company declared an interim one-tier tax exempt ordinary dividend of approximately \$21.3 million (\$0.0213 per share) on 11 August 2022, which were paid on 6 September 2022 to its registered shareholders.

In addition, the directors propose that a final one-tier tax exempt ordinary dividend of \$0.0187 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 subsequent to year end is \$18.5 million.

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

29 CONTINGENT LIABILITIES

	Group	
	2022	2021
	\$'000	\$'000
Banker's guarantees	802	898
Other pledged deposits	229	243
	<u>1,031</u>	<u>1,141</u>

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

30 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, other expenses and finance costs. 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.

Business segment revenue, gross profit and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Revenue		Gross Profit	
	2022	2021	2022	2021
Group	\$'000	\$'000	\$'000	\$'000
Professional recruitment	97,035	94,779	96,682	94,097
Flexible staffing	510,119	492,628	73,403	78,320
Others	4,621	3,133	4,069	2,486
	<u>611,775</u>	<u>590,540</u>	<u>174,154</u>	<u>174,903</u>

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

30 SEGMENT INFORMATION (cont'd)

Business segment revenue, gross profit and results (cont'd)

	Results	
	2022	2021
	\$'000	\$'000
Other income, net	19,982	15,942
Other employee benefit expenses	(87,867)	(87,757)
Facilities and depreciation expenses	(11,499)	(11,629)
Selling expenses	(2,757)	(2,893)
Other expenses	(4,835)	(3,311)
Finance costs	(418)	(472)
Profit before income tax	<u>86,760</u>	<u>84,783</u>

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales.

Geographical segment revenue and gross profit

	Revenue		Gross Profit	
	2022	2021	2022	2021
Group	\$'000	\$'000	\$'000	\$'000
Singapore	396,911	410,841	91,335	97,529
North Asia*	186,147	158,650	76,000	71,676
Rest of Asia#	28,717	21,049	6,819	5,698
	<u>611,775</u>	<u>590,540</u>	<u>174,154</u>	<u>174,903</u>

Geographical segment assets

	2022	2021
	\$'000	\$'000
Group		
Singapore	373,294	414,432
North Asia*	100,580	106,700
Rest of Asia#	10,112	9,178
	<u>483,986</u>	<u>530,310</u>

* North Asia comprises Hong Kong S.A.R., 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

In 2022, no single customer accounted for more than 10% of the Group's total revenue. In 2021, revenue of \$62.4 million is derived from one external customer that contributes more than 10% of the Group's revenue and attributable to Flexible Staffing segment. The top ten customers represent 22% (2021 : 27%) of the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENT

Year ended 31 December 2022

31 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements relevant to the Group and Company were issued but not effective.

Effective for annual periods beginning on or after 1 January 2023

- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*
- Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 and SFRS(I) 1-28: *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.

SHAREHOLDING STATISTICS

As at 13 March 2023

The information in this section does not take into account the aggregate amount of 56,900 shares bought back by the Company from the market on 13 March 2023, as such shares have not been credited into the Company's account as at 13 March 2023.

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	: 23,146,769 and 2.34% ¹
Number of shares issued (excluding Treasury Shares)	: 988,260,103
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 988,260,103 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	0.09	7	0.00
100 - 1,000	277	13.04	223,402	0.02
1,001 - 10,000	1,114	52.45	5,498,200	0.56
10,001 - 1,000,000	716	33.71	39,691,201	4.02
1,000,001 AND ABOVE	15	0.71	942,847,293	95.40
TOTAL	2,124	100.00	988,260,103	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	RAFFLES NOMINEES (PTE.) LIMITED	766,319,438	77.54
2	HSBC (SINGAPORE) NOMINEES PTE LTD	45,456,902	4.60
3	UOB KAY HIAN PRIVATE LIMITED	41,688,969	4.22
4	DBS NOMINEES (PRIVATE) LIMITED	26,205,087	2.65
5	CITIBANK NOMINEES SINGAPORE PTE LTD	21,776,516	2.20
6	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	16,634,400	1.68
7	IFAST FINANCIAL PTE. LTD.	5,035,300	0.51
8	PHILLIP SECURITIES PTE LTD	4,498,181	0.46
9	OCBC SECURITIES PRIVATE LIMITED	3,004,200	0.30
10	ABN AMRO CLEARING BANK N.V.	2,763,000	0.28
11	SIM WEI WEN AVIEL	2,334,500	0.24
12	TAY YUH SHIUAN	2,174,400	0.22
13	TEH CHEONG HUA	2,100,000	0.21
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,551,800	0.16
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,304,600	0.13
16	MAYBANK SECURITIES PTE. LTD.	777,000	0.08
17	TAN TECK WAH	670,000	0.07
18	DB NOMINEES (SINGAPORE) PTE LTD	666,700	0.07
19	CHONG SIEW LEE MICHELE (ZHANG SHULI MICHELE)	631,100	0.06
20	CHUA MENG HOON	604,100	0.06
	TOTAL	946,196,193	95.74

SHAREHOLDING STATISTICS

As at 13 March 2023

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 13 March 2023)

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
SIMCO Ltd	783,268,300	79.257	-	-
SIMCO Global Ltd. ⁽¹⁾	-	-	783,268,300	79.257
Credit Suisse Trust Limited ⁽¹⁾	-	-	783,268,300	79.257
Sim Yong Siang ⁽²⁾	-	-	783,268,300	79.257
Sim Joo Siang ⁽²⁾	-	-	783,268,300	79.257
Sim Wei Ling, Adeline				
Mrs Tan Wei Ling, Adeline ⁽²⁾	489,600	0.050	783,268,300	79.257
Sim Wei Wen, Aviel ⁽²⁾	2,334,500	0.236	783,268,300	79.257
Sim Wei Rong Joshua ⁽²⁾	-	-	783,268,300	79.257
Nelly Sim Nee Tan Kheng Eng ⁽²⁾	-	-	783,268,300	79.257
Tan Eei Choo ⁽²⁾	-	-	783,268,300	79.257

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 783,268,300 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 988,260,103 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 19.3% of the issued ordinary shares of the Company is held in the hands of the public as at 13 March 2023 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" or the "Meeting") of HRnetGroup Limited (the "Company") will be held by way of electronic means on Wednesday, 26 April 2023 at 10.00 a.m. (Singapore time) to transact the following businesses:

AS ORDINARY BUSINESS:

- To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2022 together with the Auditors' Report thereon. **Resolution 1**
- To declare a final tax exempt (one-tier) dividend of 1.87 Singapore cents per ordinary share for the financial year ended 31 December 2022. **Resolution 2**
- To approve payment of additional Directors' fees (the "2022 Additional Directors' Fees") of S\$40,000 for the financial year ended 31 December 2022 and that, pursuant to Section 161 of the Companies Act 1967 and Rule 804 of the Singapore Exchange Securities Trading Limited Mainboard Rules, authority be and is hereby given to the Directors to allot and issue the following ordinary shares of the Company (the "Remuneration Shares 2022") to the following relevant Directors at an issue price of \$0.7308 per 2022 Remuneration Share, such amount to be offset against the 2022 Additional Directors' Fees payable to the relevant Director:
 - Mr Gao Yong in respect of 30,788 Remuneration Shares 2022; and
 - Mr Albert George Hector Ellis in respect of 15,394 Remuneration Shares 2022. **Resolution 3**
[See Explanatory Note (i)]
- To approve the payment of Directors' fees (the "2023 Directors' Fees") of S\$270,000 for the financial year ending 31 December 2023 (2022: S\$173,333) and that, pursuant to Section 161 of the Companies Act 1967 and Rule 804 of the Singapore Exchange Securities Trading Limited Mainboard Rules, authority be and is hereby given to the Directors to allot and issue the following ordinary shares of the Company out of treasury (the "Remuneration Shares 2023") to the following relevant Directors at an issue price of \$0.7308 per 2023 Remuneration Share, such amount to be offset against the 2023 Directors' Fees payable to the relevant Director:
 - Mr Gao Yong in respect of 61,576 Remuneration Shares 2023;
 - Mr Albert George Hector Ellis in respect of 61,576 Remuneration Shares 2023; and
 - Mr Pong Chen Yih in respect of 12,315 Remuneration Shares 2023. **Resolution 4**
[See Explanatory Note (ii)]
- To re-elect Mr Sim Yong Siang, who retires by rotation pursuant to Article 94 of the Company's Constitution, as a Director of the Company. [See Explanatory Note (iii)] **Resolution 5**
- To re-elect Ms Heng Su-Ling, Mae, who retires by rotation pursuant to Article 94 of the Company's Constitution, as a Director of the Company. [See Explanatory Note (iv)] **Resolution 6**
- To re-elect Mr Pong Chen Yih, who retires by rotation pursuant to Article 100 of the Company's Constitution, as a Director of the Company. [See Explanatory Note (v)] **Resolution 7**
- To re-elect Mr Sato Hiroshi, who retires by rotation pursuant to Article 100 of the Company's Constitution, as a Director of the Company. [See Explanatory Note (vi)] **Resolution 8**
- To re-elect Mr Albert George Hector Ellis, who retires by rotation pursuant to Article 100 of the Company's Constitution, as a Director of the Company. [See Explanatory Note (vii)] **Resolution 9**
- To re-appoint Messrs Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 10**

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:-

11. Authority to allot and issue shares and convertible securities

“That pursuant to Section 161 of the Companies Act 1967 (the “**Act**”) and Rule 806 of the Listing Manual Section B: Rules of Mainboard of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (“**Mainboard Rules**”), 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 authorisation 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 Mainboard Rules) 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

NOTICE OF ANNUAL GENERAL MEETING

- (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 (viii)] **Resolution 11**

12. 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 1967 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 Limit (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,

NOTICE OF ANNUAL GENERAL MEETING

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 during the relevant five-day period and 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

“**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 (ix)] **Resolution 12**

13. 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 2023

Explanatory Notes:

- (i) Ordinary Resolution 3 is to request Shareholders' approval for additional Directors' fees to meet the shortfall in the amount payable for FY2022. The amount approved at the AGM last year was insufficient due to the enlarged board size. The additional Directors' fees proposed arise from fees payable to the Directors, Mr Gao Yong, Mr Pong Chen Yih, Mr Sato Hiroshi and Mr Albert George Hector Ellis who were appointed during FY2022. If approved, the Non-Executive Independent Directors will be paid the 2022 Additional Directors' Fees, out of which a total of S\$33,750 will be applied as consideration for the issuance of the Remuneration Shares 2022. The issue price for the Remuneration Shares 2022 is determined on the basis of the volume-weighted average closing price of the Shares traded on the SGX-ST for the five market days up to and including 6 April 2023, being the latest practicable date prior to the date of this Notice, and applying a discount of 10%. The issuance of the Remuneration Shares 2022 will be treated as an acquisition of Shares by the relevant Directors and such Shares will be issued out of treasury. Such issuance is subject to the listing approval of the SGX-ST. If the listing approval of the SGX-ST is not granted, the relevant amount of the 2022 Additional Directors' Fees will be paid in cash. The Remuneration Shares 2022 will rank pari passu with the existing issued Shares. The Non-Executive Independent Directors who will each, subject to shareholders' approval, be issued the Remuneration Shares 2022, will abstain from voting in respect of, and will procure their associates to abstain from voting in respect of, Ordinary Resolution 3.
- (ii) Ordinary Resolution 4 is to approve the payment of Directors' fees for the Non-Executive Independent Directors of the Company during FY2023. If approved, the Non-Executive Independent Directors will be paid the 2023 Directors' Fees, out of which a total of S\$99,000 will be applied as consideration for the issuance of the Remuneration Shares 2023. The issue price for the Remuneration Shares 2023 is determined on the basis of the volume-weighted average closing price of the Shares traded on the SGX-ST for the five market days up to and including 6 April 2023, being the latest practicable date prior to the date of this Notice, and applying a discount of 10%. The issuance of the Remuneration Shares 2023 will be treated as an acquisition of Shares by the relevant Directors and such Shares will be issued out of treasury. Such issuance is subject to the listing approval of the SGX-ST. If the listing approval of the SGX-ST is not granted, the relevant amount of the 2023 Directors' Fees will be paid in cash. The Remuneration Shares 2023 will rank pari passu with the existing issued Shares. The Non-Executive Independent Directors who will each, subject to shareholders' approval, be issued the Remuneration Shares 2023, will abstain from voting in respect of, and will procure their associates to abstain from voting in respect of, Ordinary Resolution 4.
- (iii) Ordinary Resolution 5, Mr Sim Yong Siang will, upon re-election as a Director of the Company, remain as Founding Chairman and a member of the Nominating Committee. He is considered an Executive and Non-Independent Director. Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, detailed information on Mr Sim Yong Siang can be found under the “Board of Directors” and “Corporate Governance Report” sections of the Company's Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

- (iv) Ordinary Resolution 6, Ms Heng Su Ling, Mae will, upon re-election as a Director of the Company, remain as Lead Independent Director of the Company, Chairman of Audit Committee and Remuneration Committee and a member of the Nominating Committee. She is considered to be independent pursuant to Rule 704(8) of the Listing Manual of SGX-ST. There are no relationships including immediate family relations between Ms Heng Su Ling, Mae and the other Directors or its 10% shareholders. Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, detailed information on Ms Heng Su Ling, Mae can be found under the “Board of Directors” and “Corporate Governance Report” sections of the Company's Annual Report.
- (v) Ordinary Resolution 7, Mr Pong Chen Yih will, upon re-election as a Director of the Company, remain as an Independent Director, 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 Manual of SGX-ST. There are no relationships including immediate family relations between Mr Pong Chen Yih and the other Directors or its 10% shareholders. Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, detailed information on Mr Pong Chen Yih can be found under the “Board of Directors” and “Corporate Governance Report” sections of the Company's Annual Report.
- (vi) Ordinary Resolution 8, Mr Sato Hiroshi will, upon re-election as a Director of the Company, remain as an Independent Director and a member of the Audit Committee. He is considered to be independent pursuant to Rule 704(8) of the Listing Manual of SGX-ST. There are no relationships including immediate family relations between Mr Sato Hiroshi and the other Directors or its 10% shareholders. Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, detailed information on Mr Sato Hiroshi can be found under the “Board of Directors” and “Corporate Governance Report” sections of the Company's Annual Report.
- (vii) Ordinary Resolution 9, Mr Albert George Hector Ellis will, upon re-election as a Director of the Company, remain as an Independent Director. He is considered to be independent pursuant to Rule 704(8) of the Listing Manual of SGX-ST. There are no relationships including immediate family relations between Mr Albert George Hector Ellis and the other Directors or its 10% shareholders. Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, detailed information on Mr Albert George Hector Ellis can be found under the “Board of Directors” and “Corporate Governance Report” sections of the Company's Annual Report.
- (viii) Ordinary Resolution 11, 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 13 March 2023 (the “**Latest Practicable Date**”), the Company has 23,146,769 treasury shares and no subsidiary holdings.
- (ix) Ordinary Resolution 12, 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 2023 (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 98,826,010 Shares.

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 98,826,010 Shares at the Maximum Price of S\$0.84 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 98,826,010 Shares is approximately S\$83,013,848.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 98,826,010 Shares at the Maximum Price of S\$0.96 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 98,826,010 Shares is approximately S\$94,872,970.

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 2022 are set out in greater detail in the Letter enclosed together with the Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

Notes relating to measures to minimise the risk of COVID-19:

General

- The AGM is being convened, and will be held, by way of electronic means as part of the Company's efforts to minimise physical interactions and COVID-19 transmission risk. In this regard, the Board of Directors of the Company refers to:
 - the COVID-19 (Temporary Measures) Act 2020;
 - The COVID-19 (Temporary Measures) Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders Order 2020 (the "Order"), which sets out alternative arrangements in respect of, inter alia, general meetings of companies;
 - the statement by the Ministry of Law issued on 6 April 2021 which extends the Order beyond 30 June 2021 until revoked or amended by the Ministry of Law;
 - the Regulator's Column issued by the Singapore Exchange Regulation ("SGX RegCo") on 16 December 2021 (the "Regulator's Column");
 - the joint statement by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and SGX RegCo which introduced a checklist to guide listed and non-listed entities on the conduct of general meetings (the "Checklist") arising from the latest updates from the Multi-Ministry Taskforce to ease safe management measures to facilitate business operations issued on 13 April 2020 (and subsequently updated on 27 April 2020, 22 June 2020, 1 October 2020 and 4 February 2022), read together with the FAQs on "The Holding of General Meetings" dated 23 May 2022 issued by SGX RegCo, which provides guidance on the conduct of general meetings amid the evolving COVID-19 situation. The 4 February 2022 joint statement provided that the Regulator's Column will form part of the Checklist; and
 - the statement by the Ministry of Law issued on 15 December 2022 which announced the cessation of the Order on 1 July 2023.

The Company may be required to change its AGM arrangements at short notice in light of the COVID-19 situation in Singapore. Shareholders should check the Company's website or SGXNet website for the latest updates, if any.

- Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the Company's website at <http://investor.hrnetgroup.com/> and will also be made available on the SGXNet website at <https://www.sgx.com/securities/company-announcements>. All other documents (including the Annual Report, the Letter to Shareholders and proxy form) or information relating to the business of the AGM have been, or will be, published on the Company's corporate website at <http://investor.hrnetgroup.com/> and the SGXNet website at <https://www.sgx.com/securities/company-announcements>. Printed copies of such documents will not be dispatched to members. Members and investors are advised to check the Company's website or SGXNet website regularly for updates.
- Alternative arrangements are put in place to allow shareholders to participate in the AGM proceedings by:
 - attending, asking questions and communicating via a Live Webcast (as defined below). Shareholders who wish to participate as such will have to pre-register in the manner outlined in Paragraph 4 below;
 - submitting questions ahead of the AGM. Please refer to Paragraphs 7 and 9 below for further details; and
 - voting by proxy at the AGM or by voting "live" if attending the AGM by electronic means. Please refer to Paragraphs 11 to 19 below for further details.

Participate in the AGM via live webcast or live audio feed

- As the AGM will be held by way of electronic means, shareholders will not be able to attend the AGM in person. All shareholders or their corporate representatives (in the case of shareholders which are legal entities) will be able to participate in the AGM proceedings through a live webcast via their mobile phones, tablets or computers, or listen to these proceedings through a live audio feed via telephone ("Live Webcast"). Shareholders will also be able to ask questions and communicate "live". In order to do so, the shareholders are required to pre-register their participation at the AGM ("Pre-registration") website at the URL <http://agm.hrnetgroup.com/> no later than 10.00 a.m. on 23 April 2023 ("Registration Deadline") for verification of their status as shareholders (or the corporate representatives of such shareholders).
- Upon successful verification, authenticated shareholder or its corporate representative will receive an email by 10.00 a.m. on 25 April 2023. The email will contain a link to access the webcast of the AGM proceedings, together with the relevant log in details and instructions, as well as instructions on how to listen to the live audio feed. Shareholders or their corporate representatives must not forward the email to other persons who are not shareholders and who are not entitled to participate in the AGM proceedings. Shareholders (or corporate representatives) who do not receive an email by 10.00 a.m. on 25 April 2023, but have pre-registered in accordance with Paragraph 4 above may get in touch via email - support@conveneagm.com or Whatsapp +63 917 577 1597 (office hours) for assistance. Please do so latest by 5.00 p.m. on 25 April 2023.

NOTICE OF ANNUAL GENERAL MEETING

- Investors holding shares through relevant intermediaries (as defined in Section 181 of the Companies Act) who are not CPF or SRS investors, who wish to participate in the "live" broadcast of the AGM should approach their relevant intermediary as soon as possible in order to make the necessary arrangements, as they will not be able to pre-register online for the "live" broadcast of the AGM. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number) to the Company, via email to HRnetGroupAGM2023@boardroomlimited.com, no later than 10.00 a.m. on 23 April 2023.

Submission of questions in advance of or "live" at the AGM

- A shareholder of the Company may also submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations in advance of, or "live" at, the AGM. The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion) received no later than 5.00 p.m. on 19 April 2023, by posting its responses via SGXNet and the Company's website after trading hours on 21 April 2023 or "live" at the AGM for the relevant questions received during the AGM. The Company will publish the minutes of the AGM on SGXNet and the Company's website within one month after the date of AGM.
- A shareholder who wishes to submit questions prior to the AGM must do so by submitting through any one of the following means:
 - by post to reach the office of the Company's Share Registrar Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - pre-registration website at the URL <http://agm.hrnetgroup.com/> no later than 5.00 p.m. on 19 April 2023.
- If the questions are deposited in physical copy at the office of the Company's Share Registrar or at the pre-registration website, and in either case not accompanied by the completed and executed proxy form the following details must be included with the submission questions, for verification purposes:
 - the member's full name;
 - current address;
 - number of shares held; and
 - the manner in which you hold the shares in the Company (e.g. via CDP, CPF/SRS or scrip).

How to submit questions "live" at the AGM

- Shareholders, CPF and SRS Investors may submit textual questions "live" at the AGM in the following manner:
 - Shareholders or where applicable, their appointed proxy(ies), CPF and SRS investors who have pre-registered and are verified to attend the AGM can ask questions relating to the ordinary resolutions tabled for approval at the AGM "live" at the AGM, by typing in and submitting their questions through the "live" ask-a-question function via the audio-visual webcast platform during the AGM within a certain prescribed time limit.
 - Shareholders who wish to appoint a proxy(ies) (other than the Chairman of the AGM) to ask questions "live" at the AGM on their behalf must, in addition to completing and submitting an instrument appointing a proxy(ies), ensure that their proxy(ies) pre-register separately via the registration link that will be sent to the appointed proxy(ies) via email by the AGM service provider, Convene, upon verification of the Proxy Form(s).
 - Shareholders, CPF and SRS investors or, where applicable, their appointed proxy(ies) must access the AGM proceedings via the "live" audio-visual webcast in order to ask questions "live" at the AGM, and will not be able to do so via the audio-only stream of the AGM proceedings.
 - The Company will, during AGM itself, address as many substantial and relevant questions (which are related to the resolutions to be tabled for approval at the AGM) which have not already been addressed prior to the AGM, as well as those received "live" at the AGM itself, as reasonably practicable. Where there are substantial similar questions, the Company will consolidate such questions; consequently, not all questions may be individually addressed.

Live Voting

- Shareholders or their duly appointed proxy(ies) (other than the Chairman of the Meeting) attending the AGM by electronic means will be able to participate by voting "live" at the AGM.

NOTICE OF ANNUAL GENERAL MEETING

Submission of instrument appointing a proxy(ies) to vote, or vote “live”, at the AGM

12. Shareholders who wish to exercise their voting rights at the AGM may:
- (a) (where such shareholders are individuals) vote “live” via electronic means at the AGM or (where such shareholders are individuals or corporates) appoint a proxy(ies) (other than the Chairman of the AGM)# to vote “live” via electronic means at the AGM on their behalf; or
 - # For the avoidance of doubt, CPF and SRS Investors will not be able to appoint third party proxy(ies) (i.e. persons other than the Chairman of the AGM) to vote “live” at the AGM on their behalf.
 - (b) (where such shareholders are individuals or corporates) appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM.
 - Shareholders (including CPF and SRS Investors) and, where applicable, appointed proxy(ies), who wish to vote “live” at the AGM must first pre-register at the HRnetGroup AGM website via the URL <http://agm.hrnetgroup.com>.
 - Shareholders (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the proxy form, failing which the appointment for that resolution will be treated as invalid.
13. A member who is not a Relevant Intermediary*, entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead at the AGM of the Company. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the form of proxy. A proxy need not be a member of the Company. The accompanying proxy form for the AGM may be accessed via the Company's corporate website at the URL: <http://investor.hrnetgroup.com/> and will also be made available on the SGXNet website at the URL <https://www.sgx.com/securities/company-announcements>.
14. A member who is a Relevant Intermediary* may appoint one or more proxies to attend, speak and vote at the AGM, but each proxy must exercise the rights attached to a different share held by such member.
15. Shareholders who wish to vote on any or all of the resolutions at the AGM must appoint “Chairman of the Meeting” as their proxy to do so on their behalf. In appointing the Chairman of the AGM as proxy, shareholders must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
16. A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form before submitting it in the following manner:
- (i) if submitted by post, to be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - (ii) if submitted electronically, be submitted via email to the Company's Share Registrar at HRnetGroupAGM2023@boardroomlimited.com,
- in either case, not less than 72 hours before the time appointed for the holding of the AGM of the Company i.e. by 10.00 a.m. on 23 April 2023.

Shareholders are strongly encouraged to submit completed proxy forms electronically via email to the Company's Share Registrar.

17. The instrument appointing a proxy or proxies must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the proxy or proxies is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation, failing which the instrument of proxy may be treated as invalid.
18. CPF and SRS Investors who wish to vote, should approach their respective CPF Agent Banks and SRS Operators to appoint Chairman of the Meeting as their proxy, at least 7 working days before the AGM.
19. A Depositor's name must appear on the Depository Register maintained by the Central Depositor (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote at the AGM.

“Relevant Intermediary” means:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services license to provide custodial services for securities under the Securities Futures Act 2001 of Singapore and who holds shares in that capacity; or

NOTICE OF ANNUAL GENERAL MEETING

- (c) the Central Provident Fund Board (“CPF Board”) established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under the Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy:

By pre-registering for the Live Webcast, submitting a Proxy Form appointing the proxy(ies) and/or representative(s) to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) 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 or service providers), 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 or service providers) 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.

HRNETGROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201625854G)

ANNUAL GENERAL MEETING PROXY FORM

IMPORTANT:

- The Annual General Meeting ("AGM" or "Meeting") is being convened by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Order 2020.
- A member will not be able to attend the AGM in person. Alternative arrangements relating to, the attendance of the AGM through electronic means, as well as conduct of the AGM and relevant guidance with full details are set out in the accompanying Company's Notice of AGM dated 11 April 2023, which has been uploaded together with this proxy form on SGXNet at the following URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the following URL: <http://investor.hrnetgroup.com/>. Printed copies of the proxy form ("Proxy Form") will NOT be despatched to members.
- An investor who holds shares under the Supplementary Retirement Scheme ("SRS Investors") and CPF investor who wishes to vote should approach their respective SRS Operators and CPF Agent banks to appoint the Chairman of the Meeting as their proxy, at least 7 working days before the Meeting.
- This Proxy Form is not valid for the use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- Please read the notes overleaf which contain instructions on, inter alia, the appointment of Chairman of the AGM as a member's proxy to vote his/her/its behalf at the AGM.

I/We _____ (Name) _____ (NRIC/Passport/Co. Reg. No.)

of _____ (Address)

being a member/members of **HRNETGROUP LIMITED** (the "Company"), hereby appoint

NAME	EMAIL ADDRESS [^]	*NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS	
			NO. OF SHARES	%

and/or (delete as appropriate)

NAME	EMAIL ADDRESS [^]	*NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS	
			NO. OF SHARES	%

or failing which, the Chairman of the Meeting as my/our* proxy, to attend, speak or vote for me/us* on my/our* behalf at the Annual General Meeting ("AGM" or the "Meeting") of the Company to be held by electronic means via "live" audio-video or "live" audio-only feed ("**Live Webcast/Live Audio Feed**") on Wednesday, **26 April 2023 at 10.00 a.m.** (Singapore time) and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for, against or abstain the Resolutions proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the appointment of Chairman of the AGM as proxy for that resolution will be treated as invalid at the AGM and at any adjournment thereof.

[^] Compulsory for registration purposes. Only valid email address provided in the submitted Proxy Form will receive a confirmation email from the Company.

* Delete as appropriate

NO.	RESOLUTIONS RELATING TO:	FOR**	AGAINST**	ABSTAIN**
1.	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2022 together with the Auditors' Report			
2.	Declaration of a final tax exempt (one-tier) dividend of 1.87 Singapore cents per ordinary share			
3.	Approval of payment of additional Directors' fees of S\$40,000, including the issuance of the Remuneration Shares 2022, for the financial year ended 31 December 2022			
4.	Approval of payment of Directors' fees of S\$270,000, including the issuance of the Remuneration Shares 2023, for the financial year ended 31 December 2023, payable half yearly in arrears			
5.	Re-election of Mr Sim Yong Siang as Director			
6.	Re-election of Ms Heng Su-Ling, Mae as Director			
7.	Re-election of Mr Pong Chen Yih as Director			
8.	Re-election of Mr Sato Hiroshi as Director			
9.	Re-election of Mr Albert George Hector Ellis as Director			
10.	Re-appointment of Messrs Deloitte & Touche LLP as Auditors and authority to fix their remuneration			
11.	Authority to allot and issue shares and convertible securities			
12.	Proposed Renewal of the Share Purchase Mandate			

NOTE

* Delete accordingly

** If you wish to abstain or exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate number of votes as appropriate.

Dated this _____ day of _____ 2023

TOTAL NUMBER OF SHARES IN:	NO. OF SHARES
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s)/or Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS FORM

Notes:

- Each of the resolutions to be put to the vote of members at the AGM (at any adjournment thereof) will be voted on by way of poll.
- 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 2001 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.
- Members will not be able to attend the AGM in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it may:
 - (where such shareholders are individuals) vote "live" via electronic means at the AGM or (where such shareholders are individuals or corporates) appoint a proxy(ies) (other than the Chairman of the AGM)# to vote "live" via electronic means at the AGM on their behalf; or

For the avoidance of doubt, CPF and SRS Investors will not be able to appoint third party proxy(ies) (i.e. persons other than the Chairman of the AGM) to vote "live" at the AGM on their behalf.
 - (where such shareholders are individuals or corporates) appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM.In appointing the Chairman of the AGM as proxy, a member (individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment for that resolution will be treated as invalid.
- A member of the Company who is not a Relevant Intermediary (as defined in Section 181 of the Companies Act 1967) is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
- Where a member who is not a Relevant Intermediary appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
- A member who is a Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member (which number and class of shares shall be specified).
- Subject to paragraph (9) below, completion and return of this Proxy Form shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Live Webcast of the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this Proxy Form to the AGM.
- A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it in the following manner:
 - if submitted by post, to reach at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - if submitted electronically, be submitted via email to the Company's Share Registrar at HRnetGroupAGM2023@boardroomlimited.com.

in either case, not less than 72 hours before the time appointed for the holding of the AGM of the Company i.e. by 10.00 a.m. on 23 April 2023.

Shareholders are strongly encouraged to submit completed proxy forms electronically via email to the Company's Share Registrar.

- The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where such instrument is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised in writing. The dispensation of the use of the common seal pursuant to Section 41A, 41B and 41C of the Companies Act 1967 of Singapore effective from 31 March 2017 is applicable at this AGM.

Where this Proxy Form is signed or, as the case may be, authorised 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 this Proxy Form, failing which this Proxy Form may be treated as invalid.

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 Shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, 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 AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing the proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 11 April 2023.