

# 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 FY2021, as was in the past years, in addition to carrying out its statutory responsibilities, the Board performed the following role:

- (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.

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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.

## ***Provision 1.2***

### ***Continuous Training and Development of the Directors***

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 FY2021, 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 lies 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.

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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 FY2021, 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 FY2021 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 FY2021 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
Adeline Sim	2	3*	–	–	1
Sin Boon Ann	2	3	1	1	1
Mae Heng	2	3	1	1	1
NS Tan	2	3	1	1	1
Gao Yong (Appointed on 1 January 2022)	N.A.	N.A.	N.A.	N.A.	N.A.

\* Attended by Invitation

## **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.

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## ***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 prepares 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 seven Directors of whom three are Executive Directors and four 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.

#### ***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.

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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 seven 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 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 experience, industry knowledge, strategic planning and customer-based experience and 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 28.57% 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.

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

Name of Directors	Board	AC	NC	RC
<b>Peter Sim</b>	Founding Chairman Executive Director	–	Member	–
<b>JS Sim</b>	Executive Director	–	–	–
<b>Adeline Sim</b>	Executive Director	–	–	–
<b>Sin Boon Ann</b>	Lead Independent Director	Member	Chairman	Member
<b>Mae Heng</b>	Independent Director	Chairman	Member	Member
<b>NS Tan</b>	Independent Director	Member	Member	Chairman
<b>Gao Yong (Appointed on 1 January 2022)</b>	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 Director 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.

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## 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.

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.

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 ensures that 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 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. He 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 four Directors, a majority of whom are non-executive and independent:

Sin Boon Ann, Chairman	(Lead Independent Non-Executive Director)
Mae Heng, Member	(Independent Non-Executive Director)
NS Tan, Member	(Independent Non-Executive Director)
Peter Sim, Member	(Executive Director and Founding Chairman)

During FY2021, the NC has held one scheduled meeting, which all members attended.

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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*:

- (a) making recommendations to the Board on all Board appointments and the composition of the Board of Directors, taking into account, among other things, the future requirements of the Group, the need for diversity on the Board as well as other considerations in accordance with the guidelines recommended under the Code;
- (b) making recommendations to the Board on relevant matters relating to the appointment and re-appointment of the directors (including alternate directors, if applicable);
- (c) regularly reviewing the structure, independence, size and composition of the Board of Directors and recommending to the Board such adjustments as it may deem necessary;
- (d) reviewing and determining annually, and as and when circumstances require, if a director is independent, bearing in mind the circumstances set forth in the Code and any other salient factors;
- (e) reviewing other directorships held by each director and deciding whether or not the director is able to carry out, and has been adequately carrying out, his duties as director, taking into consideration the director's number of listed company board representations and other principal commitments;
- (f) developing a process for evaluating the effectiveness and performance of the Board and its committees; and proposing objective performance criteria, as approved by the Board, that allow comparison with 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 for, 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, JS Sim and Sin Boon Ann will retire at the Company's forthcoming annual general meeting and will be eligible for re-election. Sin Boon Ann will not be offering himself for re-election and will retire at the forthcoming annual general meeting. Gao Yong who was appointed on 1 January 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. In compliance with the Listing Rules, the Board will be considering an appointment of the Lead ID and NC Chairman role within 3 months from the date of AGM. The Board has accepted the NC's recommendation for the re-election of JS Sim and Gao Yong. In making the recommendation, the NC had considered the Directors' overall contribution and performance.

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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 have been given by the Directors to the affairs of the Company, notwithstanding that three of the directors, Sin Boon Ann, Mae Heng and Gao Yong 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 Sin Boon Ann, Mae Heng, NS Tan and Gao Yong are independent based, *inter alia*, on the criteria given in the Listing Manual and the Code and their respective declarations.

## ***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.



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## 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	26 April 2019	–	–
Adeline Sim	16 May 2017	21 April 2021	–	–
Sin Boon Ann	16 May 2017	26 April 2019	<ul style="list-style-type: none"> <li>• CSE Global Limited</li> <li>• Healthway Medical Corporation Limited</li> <li>• OUE Limited</li> <li>• Rex International Holding Limited</li> <li>• Sarine Technologies Ltd.</li> <li>• The Trendlines Group Ltd.</li> <li>• TIH Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Datapulse Technology Limited</li> </ul>
Mae Heng	16 May 2017	6 May 2020	<ul style="list-style-type: none"> <li>• Apex Healthcare Berhad</li> <li>• Chuan Hup Holdings Limited</li> <li>• Grand Venture Technology Limited</li> <li>• Novo Tellus Alpha Acquisition</li> <li>• Ossia International Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Pacific Star Development Limited</li> </ul>
NS Tan	16 May 2017	21 April 2021	–	<ul style="list-style-type: none"> <li>• Plastoform Holdings Limited</li> <li>• Serrano Limited</li> </ul>
Gao Yong	1 January 2022	N.A.	<ul style="list-style-type: none"> <li>• Beijing Career International Co., Ltd.</li> <li>• Immyshow Digital Technology (Group) Co., Ltd.</li> </ul>	–

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 FY2021, 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.

For FY2021, 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.

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## REMUNERATION MATTERS

### 6. PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

**Principle 6: 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:

NS Tan, Chairman	(Independent Non-Executive Director)
Sin Boon Ann, Member	(Lead Independent Non-Executive Director)
Mae Heng, Member	(Independent Non-Executive Director)

During FY2021, 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.

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## *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. The RC has access to expert advice regarding executive compensation matters, if required. The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2021.

## 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 Directors and Key Management Personnel**

The Company's remuneration structure for its Executive Directors 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 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 FY2021, 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 FY2021.

#### **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 total Directors' fees of S\$173,333 for FY2022 is recommended by the Board for approval by the shareholders at the forthcoming annual general meeting of the Company.

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 FY2021 are presented in the following tables.

#### Remuneration of Directors

The table below shows the breakdown of the remuneration and fees of the Directors for FY2021. Shareholders' approval will be sought at the forthcoming annual general meeting for payment of fees for the financial year ending 31 December 2022.

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 high competitive business environment the Group operates in and the potential negative impact such disclosure will have on the Group, and that the current disclosure on a named basis and in bands of S\$250,000 including the provision of a breakdown in percentage terms is sufficient.

The level and mix of remuneration paid or payable to the Directors and key management personnel for FY2021 are set out below in bands (in percentage terms):

Name of Directors <sup>(1)</sup>	Salary <sup>(2)</sup> %	Bonus <sup>(3)</sup> %	Director's Fees <sup>(4)</sup> %	Other Benefits %	Total Compensation %
<b>DIRECTORS</b>					
<b>S\$500,001 and above</b>					
JS Sim	15	85	–	–	100
Peter Sim	24	76	–	–	100
<b>S\$250,001 to S\$500,000</b>					
Adeline Sim	66	30	–	4	100
<b>Below S\$250,000</b>					
Mae Heng	–	–	100	–	100
NS Tan	–	–	100	–	100
Sin Boon Ann	–	–	100	–	100

# CORPORATE GOVERNANCE

## 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 directors of the Group in FY2021 amounted to S\$5.7million.

## Remuneration of Key Management Personnel

The Group had five key management personnel (who are not Directors or the CEO) in FY2021. 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.

The details of the remuneration paid to the five key management personnel of the Company during FY2021 are set out below in bands (in percentage terms):

Name of Key Management Personnel <sup>(1)</sup>	Salary <sup>(2)</sup> %	Bonus <sup>(3)</sup> %	Other Benefits %	Total Compensation %
<b>KEY MANAGEMENT PERSONNEL</b>				
<b>S\$500,001 and above</b>				
Jacelyn Chua Meng Hoon	24	75	1	100
Lorencz Tay Yuh Shiuan	26	72	2	100
Madeline Wan Poh Cheng	31	67	2	100
<b>S\$250,001 to S\$500,000</b>				
Daisy Tan	66	29	5	100
Jennifer Kang Ah Eng	67	29	4	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 FY2021 amounted to S\$3.3million.

# CORPORATE GOVERNANCE

## 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 FY2021 are set out below (in percentage terms):

Name of Immediate Family of Director	Salary <sup>(3)</sup> %	Bonus <sup>(4)</sup> %	Other Benefits %	Total Compensation %
<b>IMMEDIATE FAMILY OF DIRECTOR</b>				
<b>S\$100,001 to S\$200,000</b>				
Aviel Sim <sup>(1)</sup>	40	58	2	100
Jocelyn Ho <sup>(2)</sup>	83	14	3	100

### Notes:

- <sup>(1)</sup> Aviel Sim is the son of Peter Sim and brother of Adeline Sim.
- <sup>(2)</sup> Jocelyn Ho is the daughter-in-law of JS Sim.
- <sup>(3)</sup> The salary amount shown is inclusive of allowances and statutory contributions to the Central Provident Fund.
- <sup>(4)</sup> The bonus amount shown is inclusive of statutory contributions to the Central Provident Fund.

In FY2021, 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.

## 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.

# CORPORATE GOVERNANCE

## ***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.

### ***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 Chief Financial Officer (a) that the financial records have been properly maintained and the financial statements for FY2021 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 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 2021.

## **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	(Independent Non-Executive Director)
Sin Boon Ann, Member	(Lead Independent Non-Executive Director)
NS Tan, Member	(Independent Non-Executive Director)

During FY2021, the AC has held three scheduled meetings, which all members attended.



# CORPORATE GOVERNANCE

## ***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*:

- (a) undertake such other reviews and projects as may be requested by the Board and assist the Board in discharging its statutory responsibilities on financing and accounting matters;
- (b) review significant financial reporting issues and judgements to ensure the integrity of the financial statements and any announcements relating to financial performance;
- (c) review the assurance from the Chairman and the CFO on the financial records and financial statements;
- (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;

# CORPORATE GOVERNANCE

- (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.

During FY2021, 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 reviewed 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 FY2021 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 FY2021, 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 FY2021. The key audit matters can be found on page 97 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 FY2021 did not prejudice their objectivity and independence.

# CORPORATE GOVERNANCE

The fees paid or payable to the external auditors in FY2021 for audit and non-audit services amounted to S\$372,000 and S\$268,000, 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.

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, have 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 FY2021 and until to date of this Annual Report.

## ***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 FY2021, 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.

# CORPORATE GOVERNANCE

## *Internal Audit Function*

The internal auditor function plans its internal audit schedules in consultation with, but independent of, the Management. The internal auditor, 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 FY2021, 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.

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. The rules, including the voting process, will be explained by the polling agent at such general meetings. Votes cast for or against and the respective percentages, on each resolution are tallied and displayed 'live' on-screen to shareholders at the general meetings. The total number of votes cast 'for' or 'against' the resolutions and the respective percentages are also announced on SGXNET after the general meetings.

# CORPORATE GOVERNANCE

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.

## **2022 AGM**

In view of the current COVID-19 situation in Singapore, the 2022 AGM will continue to be convened and held 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 Holders) Order 2020. Alternative arrangements relating to 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), submission of questions to the Chairman of the meeting in advance of the AGM, addressing of substantial and relevant questions at, or prior to, the AGM and voting by appointing the Chairman of the meeting as proxy, will be put in place for the AGM.

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 there are separate resolutions at general meetings on each substantially separate issue. In the event that there are resolutions which are interdependent and interlinked, the Board will provide reasons and material implications.

## ***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 66 of this annual report.

## ***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.

# CORPORATE GOVERNANCE

## **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 FY2021 would constitute approximately 57.1% of net profit after tax in FY2021, subject to shareholders' approval at the forthcoming annual general meeting.

## **12. 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.

The Company does not practice 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](mailto:ir@hrnetgroup.com).

# CORPORATE GOVERNANCE

## *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 55 of this Annual Report.

## **13. 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 Engagement section of the Sustainability Report is set out on pages 35 to 36 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).

### **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 FY2021 or if not then subsisting, entered into since the end of the previous financial year.

# CORPORATE GOVERNANCE

## 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 FY2021 (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 FY2021 under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000 <sup>(2)</sup>
<b>RecruitFirst Limited</b> <sup>(1)</sup>		
(a) Working capital loan	2,080	N.A.
(b) Provision of Management Services	212	N.A.
(c) Provision of Recruitment Services	9	N.A.

### Notes:

<sup>(1)</sup> 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.

<sup>(2)</sup> 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 2021 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	38.1
Acquisition and investment in subsidiaries	8.4
Start-up of subsidiaries	7.6
Underwriting commission	4.7
Professional fees and other miscellaneous expenses (including listing fees)	4.5
	<u>127.3</u>



# 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.

JS Sim and Gao Yong are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 28 April 2022 under Ordinary Resolutions 4 and 5 respectively set out in the notice of annual general meeting dated 13 April 2022 (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	JS Sim	Gao Yong
Date of first appointment	21 September 2016	1 January 2022
Date of last re-Appointment	26 April 2019	N.A.
Age	65	47
Country of principal residence	Singapore	China
The Board’s comments on re- appointment	The Board concurs with the Nominating Committee’s views that JS Sim, being an Executive Director of the Group, if re-elected, will continue to provide valuable insights and contributions to the Board, given his skills, experience and commitment in the discharge of his duties as the Executive Director of the Group.	The Board concurs with the Nominating Committee’s views that Gao Yong, if re-elected, will continue to utilise his wealth of practical experience in the recruitment and staffing industry in China, business acumen and enterprising spirit to contribute positively towards HRnetGroup achieving greater heights.
Whether the appointment is executive, and if so, the area of responsibility	Executive.  JS is the Chief Executive Officer of Recruit Express, Recruit Express Services, Recruit Legal and SearchAsia (“Recruit Express Group”).	Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	<ul style="list-style-type: none"> <li>Executive Director</li> </ul>	<ul style="list-style-type: none"> <li>Independent Non-Executive Director</li> </ul>
Professional qualifications	Bachelor of Science from the National University of Singapore	<ul style="list-style-type: none"> <li>Diploma in Business English from Beijing Foreign Studies University</li> <li>EMBA from Peking University</li> </ul>
Working experience and occupation(s) during the past 10 years	As CEO of Recruit Express Group, JS leads over 300 people across Singapore, Taipei, Hong Kong and Kuala Lumpur in strategy and execution.	<ul style="list-style-type: none"> <li>Founder and Chairman at Beijing Career International Co., Ltd., the first HR service enterprise listed in China’s A-shares market.</li> <li>Independent Director of Inmyshow Digital Technology (Group) Co., Ltd, an online marketing platform listed on the Shanghai Stock Exchange.</li> </ul>

# CORPORATE GOVERNANCE

Name of Directors	JS Sim	Gao Yong
Shareholding interest in the listed issuer and its subsidiaries	Direct interest in shares: Nil Deemed interest in shares: 779,064,000	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive director, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	JS Sim is brother of Peter Sim, Executive Director of the Company.	No
Conflict of interest (including any competing business)	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
Other Principal Commitments including Directorships		
Past (for the last 5 years)	No	No
Present	<ul style="list-style-type: none"> <li>HRnetGroup Limited's subsidiaries               <ul style="list-style-type: none"> <li>Recruit Express Pte. Ltd.</li> <li>Recruit Express (Taiwan) Pte. Ltd.</li> <li>Recruit Express (Australia) Pte. Ltd.</li> <li>Recruit Express Services Pte. Ltd.</li> <li>Search Asia Consulting Pte. Ltd.</li> <li>Recruit Legal Pte. Ltd.</li> </ul> </li> <li>REH Pte. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Antal AG (Beijing) Human Resources Service Co., Ltd.</li> <li>Antal International Business Consulting (Beijing) Co., Ltd.</li> <li>Aurex Group Limited</li> <li>Beijing Caikemaipin Technology Co., Ltd.</li> <li>Beijing Career International Co. Ltd.</li> <li>Beijing Rongrui Chengtong Financial Service Outsourcing Co., Ltd.</li> <li>Beijing Ogrin Partner Consulting Ltd.</li> <li>Career International AP (Hong Kong) Ltd.</li> <li>Career International Consulting (Suzhou) Co., Ltd.</li> <li>Career International Human Resources (Changchun) Co., Ltd.</li> <li>Career International Human Resources (Wuhan) Co., Ltd.</li> <li>Career International River City Human Resources Management Consulting (Wuhan) Co., Ltd.</li> <li>Career International - FOS Pte. Ltd.</li> <li>Inmyshow Digital Technology (Group) Co., Ltd.</li> <li>Investigo Ltd.</li> <li>Khorgos Tai Yong Kangda Venture Capital Co., Ltd.</li> <li>Shanghai Kangken Marketing Co., Ltd.</li> <li>Shanghai Kezhirui Consulting Ltd.</li> </ul>

# CORPORATE GOVERNANCE

Name of Directors	JS Sim	Gao Yong
(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
(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
(c) Whether there is any unsatisfied judgement against him?	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

# CORPORATE GOVERNANCE

Name of Directors	JS Sim	Gao Yong
(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
(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
(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
(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
(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

# CORPORATE GOVERNANCE

Name of Directors	JS Sim	Gao Yong
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No