

HRnetGroup



HRnetGroup Limited . Company Registration No.: 201625854G . Incorporated in the Republic of Singapore on 21 September 2016

Offering in respect of 89,482,000 Shares (subject to the Over-allotment Option) comprising:

- (i) 85,682,000 Shares under the Placement; and
- (ii) 3,800,000 Shares under the Public Offer

Offering Price: S\$0.90 per Share

PROSPECTUS DATED 8 JUNE 2017

(Registered by the Monetary Authority of Singapore on 8 June 2017)

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER.

This is an initial public offering of ordinary shares (the "Shares") in the capital of HRnetGroup Limited (the "Company"). We are making an offering of 89,482,000 Shares (the "Offering Shares") for subscription by investors at the Offering Price (as defined below), which consists of (i) an international placement of 85,682,000 Shares (the "Placement") to investors, including institutional and other investors in Singapore and outside the United States in compliance with Regulation S ("Regulation S") under the United States Securities Act 1933, as amended (the "US Securities Act"); and (ii) a public offer of 3,800,000 Shares in Singapore, including 440,800 Shares (the "Reserved Shares") reserved for the directors and employees of our Company and our subsidiaries (the "Public Offer"), and together with the Placement, the "Offering"). The offering price for each Offering Share (the "Offering Price") is S\$0.90.

At the same time but separate from the Offering, each of Aberdeen Asset Management Asia Limited, Affin Hwang Asset Management Berhad, Credit Suisse AG, Singapore Branch and Credit Suisse AG, Hong Kong Branch (on behalf of certain of their private banking clients), en-japan inc., FIL Investment Management (Hong Kong) Limited, Meiji Yasuda Asset Management Company Ltd. and TechnoPro Holdings, Inc. (collectively, the "Cornerstone Investors") has entered into a cornerstone subscription agreement with our Company (collectively, the "Cornerstone Subscription Agreements") to subscribe, in aggregate, for 103,922,900 new Shares at the Offering Price (the "Cornerstone Shares"), conditional upon, amongst others, the Underwriting Agreement (as defined herein) having been entered into and not having been terminated pursuant to its terms on or prior to the Listing Date (as defined herein). In addition, in connection with but separate from the Offering, we are issuing (i) up to 34,617,200 GLOW Initial Shares (as defined herein) pursuant to the 88GLOW Plan (as defined herein); (ii) an aggregate of up to 13,687,400 Opp 1 Investment Shares (as defined herein), Opp 1 Loyalty Shares (as defined herein), Opp 2 Investment Shares (as defined herein) and Opp 2 Buy-in Shares (as defined herein) pursuant to the Opp 1 Plan (as defined herein) and the Opp 2 Plan (as defined herein); and (iii) up to 1,962,701 new Shares pursuant to the Top-up Issuance (as defined herein) to Vanda 1 (as defined herein) (the "Top-up Issuance Shares").

We have made an application to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for a permission to deal in, and for quotation of, all our issued Shares, all the Offering Shares, the new Shares (the "Additional Shares") which may be issued pursuant to the exercise of an over-allotment option described below (the "Over-allotment Option"), the Cornerstone Shares, the Shares to be issued in connection with the Initial Acquisition (as defined herein) pursuant to the 88GLOW Plan ("GLOW Initial Shares"), the GLOW Additional Shares (as defined herein), the Shares to be issued from time to time pursuant to the Opp 1 Plan and the Opp 2 Plan (the "Opp Plans Shares"), the Top-up Issuance Shares and the new Shares which may be issued from time to time upon the release of the share awards to be granted under the HRnet GROW Plan (as defined herein) (the "GROW Award Shares"). Such permission will be granted when we have been admitted to the Official List of the SGX-ST. The dealing in and quotation of our Shares will be in Singapore dollars.

Acceptance of applications for the Offering Shares will be conditional upon, *inter alia*, permission being granted by the SGX-ST to deal in, and for quotation of, all our issued Shares, the Offering Shares, the Additional Shares, the Cornerstone Shares, the GLOW Initial Shares, the GLOW Additional Shares, the Opp Plans Shares, the Top-up Issuance Shares and the GROW Award Shares. If the completion of the Offering does not occur because the SGX-ST's permission is not granted or for any reason, monies paid in respect of any application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, and you will not have any claim whatsoever against us, the Sole Issue Manager, the Joint Global Coordinators or the Joint Bookrunners and Underwriters (each as defined herein).

We have received a letter of eligibility-to-list from the SGX-ST for the listing and quotation of all our issued Shares, the Offering Shares, the Additional Shares, the Cornerstone Shares, the GLOW Initial Shares, the GLOW Additional Shares, the Opp Plans Shares, the Top-up Issuance Shares and the GROW Award Shares. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, our Company, our subsidiaries or our Shares (including the Offering Shares, the Additional Shares, the Cornerstone Shares, the GLOW Initial Shares, the GLOW Additional Shares, the Opp Plans Shares, the Top-up Issuance Shares and the GROW Award Shares).

The Offering Shares have not been and will not be registered under the US Securities Act and they may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities laws. Accordingly, the Offering Shares are being offered and sold outside of the United States in offshore transactions in reliance on Regulation S under the US Securities Act.

In connection with the Offering, we have granted the Joint Bookrunners and Underwriters the Over-allotment Option, exercisable by Credit Suisse (Singapore) Limited, as the stabilising manager (the "Stabilising Manager") (or any of its affiliates or other persons acting on its behalf), in consultation with the other Joint Bookrunners and Underwriters, in full or in part, on one or more occasions, during the period commencing on the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) has bought on the SGX-ST an aggregate of 11,100,000 Shares, representing not more than 12.4% of the total number of Offering Shares in undertaking stabilising actions, to subscribe for up to an aggregate of 11,100,000 Shares (representing 12.4% of the total number of Offering Shares) at the Offering Price, solely to cover the over-allotment of Offering Shares, if any. The total number of issued Shares immediately after the completion of the Offering (and prior to the exercise of the Over-allotment Option) will be 1,011,406,872 Shares (assuming the completion of the issue of (i) 34,617,200 GLOW Initial Shares, (ii) an aggregate of 13,687,400 Opp 1 Investment Shares, Opp 1 Loyalty Shares, Opp 2 Investment Shares and Opp 2 Buy-in Shares and (iii) 1,962,701 Top-up Issuance Shares). If the Over-allotment Option is exercised in full, the total number of issued Shares immediately after the completion of the Offering will be 1,022,506,872 Shares (assuming the completion of the issue of (i) 34,617,200 GLOW Initial Shares, (ii) an aggregate of 13,687,400 Opp 1 Investment Shares, Opp 1 Loyalty Shares, Opp 2 Investment Shares and Opp 2 Buy-in Shares and (iii) 1,962,701 Top-up Issuance Shares).

A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "Authority") on 29 May 2017 and 8 June 2017 respectively. The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act" or "SFA"), or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares (including the Offering Shares, the Additional Shares, the Cornerstone Shares, the GLOW Initial Shares, the GLOW Additional Shares, the Opp Plans Shares, the Top-up Issuance Shares and the GROW Award Shares) being offered for investment. We have not lodged or registered this Prospectus in any other jurisdiction.

No Shares shall be allotted and/or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the Authority.

Investing in our Shares involves risks which are described in the section entitled "Risk Factors" of this Prospectus.

Sole Issue Manager

Deutsche Bank 

Joint Global Coordinators

CREDIT SUISSE 

Deutsche Bank 

Joint Bookrunners and Underwriters

CREDIT SUISSE 

Deutsche Bank 

 **DBS**

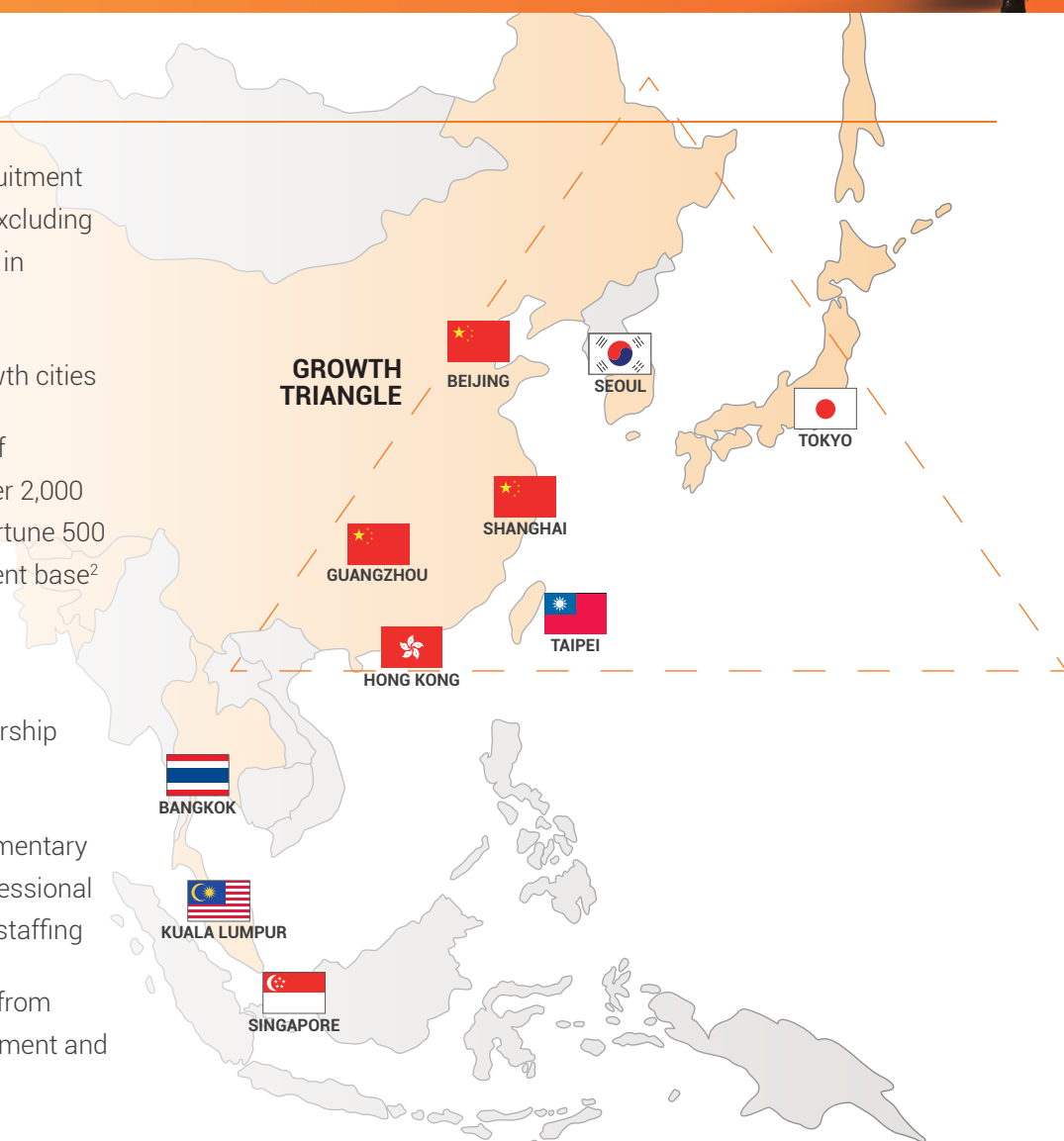
NOMURA

HR for Asia



WHO WE ARE

- Largest Asia-based recruitment agency in Asia Pacific (excluding Japan)¹ with dominance in Singapore
- Operate in 10 Asian growth cities
- Highly diversified base of premium customers: over 2,000 clients, including 104 Fortune 500 clients, as part of our client base²
- Leading productivity and profitability through our entrepreneurial co-ownership business model
- Twin engines of complementary businesses, namely professional recruitment and flexible staffing
- Strong cash conversion from disciplined cost management and asset-light model



OUR KEY BRANDS

HRnetOne



RecruitFirst

SEARCHASIA
MANAGING CAREERS PROCURING TALENT



¹ As compared to other key players within the professional recruitment and flexible staffing industry with presence in Asia Pacific, according to Frost & Sullivan
² As at 31 December 2016

OUR COMPETITIVE STRENGTHS



Focus on Asian growth cities

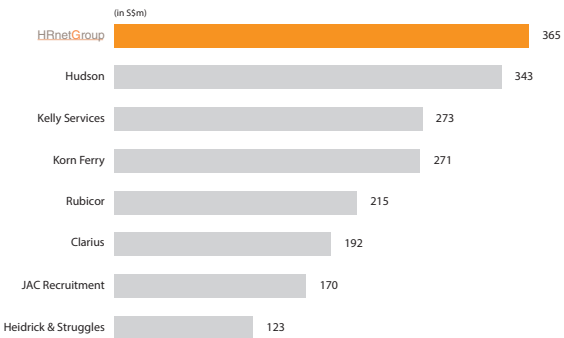
- We currently operate in 10 Asian growth cities
- Our strategy is to be present in Asian growth cities with high level of commercial activities and job opportunities, a large and growing population with a large labour force and young population demographics



Largest Asia-based recruitment agency in Asia Pacific (excluding Japan) with dominance in Singapore

- According to Frost & Sullivan, we are the largest recruitment player in Singapore in terms of number of licensed consultants and revenue as well as the most profitable recruitment player in Singapore³

ESTIMATED ASIA PACIFIC REVENUES OF SELECTED RECRUITMENT AGENCIES IN FY2016⁴



- We have the following competitive advantages:
 - economies of scale in managing our cost base
 - comprehensive support functions to allow consultants to focus on generating revenue
 - branding to attract high calibre candidates
 - balance sheet to support payroll requirements of clients with high flexible staffing needs
 - regional reach to support MNC clients across multiple locations



Strong growth and profitability since inception

- Our Group has posted strong financial performance since inception, demonstrated through overall top-line and bottom-line growth over more than 24 years of operations
- Revenue growth achieved through our strong relationship with customers, diversified business model across professional recruitment and flexible staffing, and strategic expansion across Asian growth cities

- Net profit growth achieved through our entrepreneurial and cost-effective business model



Leading productivity and profitability through our entrepreneurial co-ownership business model and lean structure

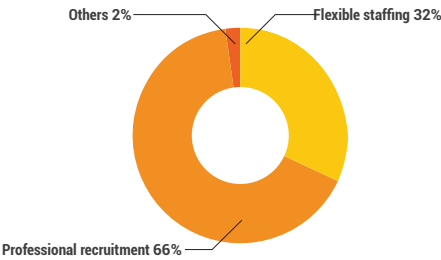
- We have leading productivity and profitability as compared to our global and regional competitors
- Many of our leaders and business pioneers have personally invested in the share capital of our subsidiaries
- As at the Latest Practicable Date, our Company has 22 co-owners under the 88GLOW Plan and up to 404 co-owners under the 123GROW Plan
- Rewards system is based on sharing of profits rather than payout of sales commissions



Growth powered by twin engines of complementary businesses

- Our flexible staffing business provides us with a relatively stable and steady revenue stream in economic downturn as compared to our professional recruitment business, while the professional recruitment business generally performs well during periods of economic growth

FY2016 GROSS PROFIT BY BUSINESS SEGMENTS



- The combination of providing temporary and permanent recruitment solutions allows us to foster deep relationships with our corporate customers as we are able to provide comprehensive recruitment and staffing solutions across junior to senior positions



Highly diversified base of premium customers

- We counted over 2,000 clients, including 104 Fortune 500 clients, as part of our client base⁵
- Diversification across our customer base reduces over-dependency risks and reduces our vulnerability to sector and geographic specific risks

OUR STRATEGIES



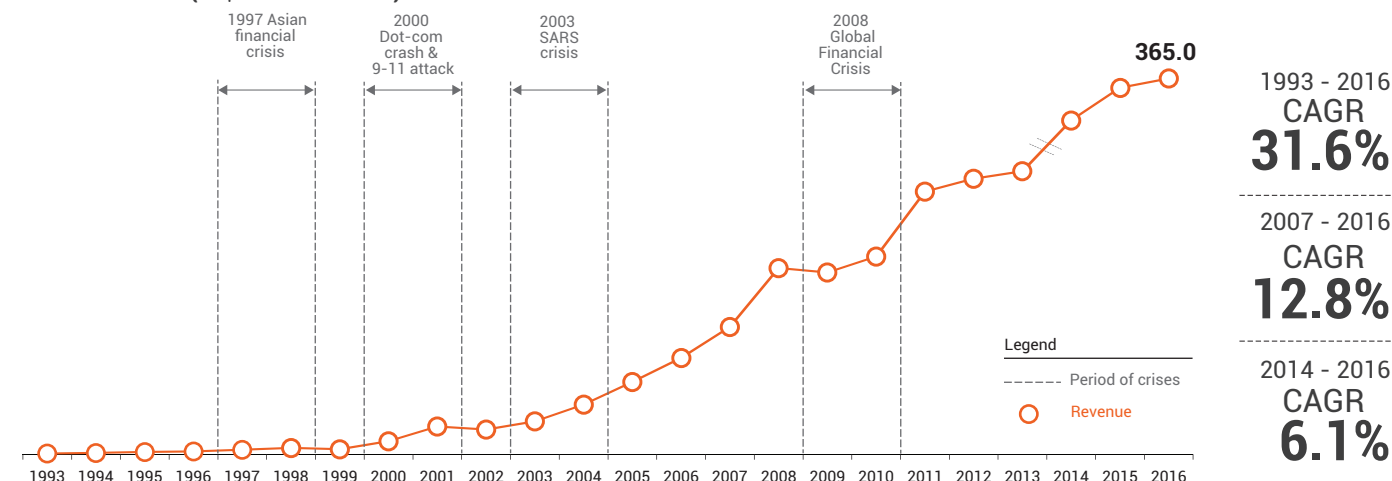
³ In terms of net profit before tax
⁴ Frost & Sullivan
⁵ As at 31 December 2016

FY2016 FINANCIAL HIGHLIGHTS

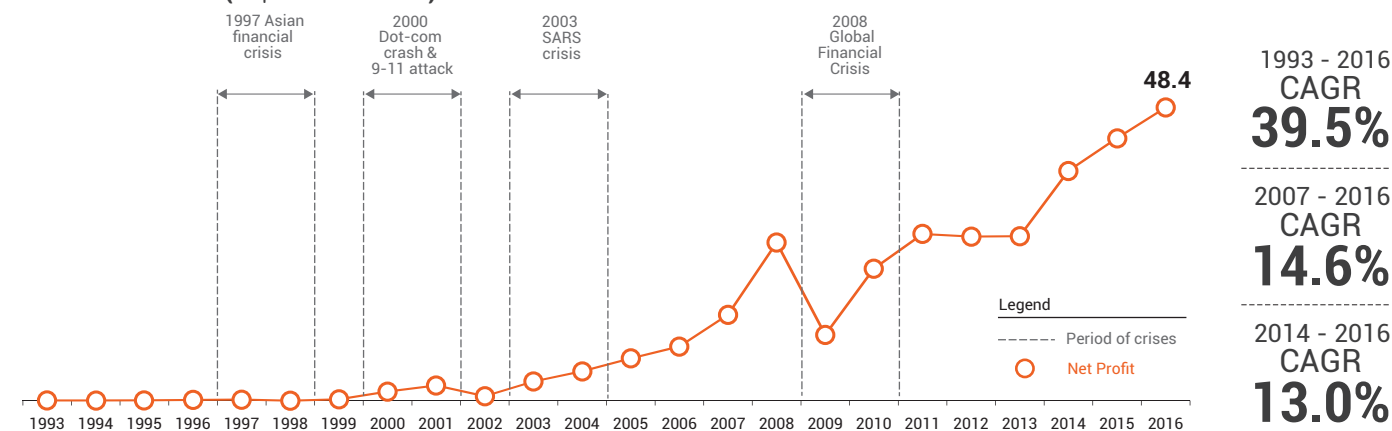


OUR 24-YEAR PROVEN TRACK RECORD OF GROWTH

REVENUE* (S\$' MILLION)

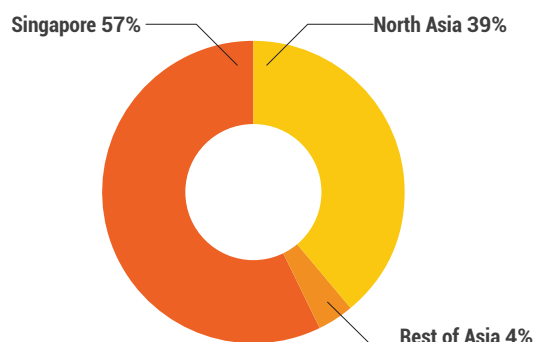


NET PROFIT* (S\$' MILLION)



*The numbers shown in the charts above is an aggregation of revenues and net profits respectively of our Group Companies with different financial year ends. For 2016, 2015 and 2014, these were prepared on the basis of the financial statements of our Group Companies for the financial year ended 31 December. For 2013 and the years preceding 2013, these were prepared on the basis of the financial statements of HRnet One and its subsidiaries, which financial statements were for the financial year ended 30 June and Recruit Express and its subsidiaries, which financial statements were for the financial year ended 31 March

FY2016 GROSS PROFIT BY REGIONS



North Asia: Hong Kong, Taipei, Guangzhou, Shanghai, Beijing, Tokyo, Seoul
Rest of Asia: Kuala Lumpur and Bangkok

IMPORTANT INDICATIVE DATES

EVENT	Indicative date/time
Opening date and time of the Public Offer	8 June 2017, 8.00 p.m.
Closing date and time of the Public Offer	14 June 2017, 12.00 noon
Commence trading on a "ready" basis	16 June 2017, 9.00 a.m.

Application for the Public Offer may be made through:

- ATMs and internet banking websites of DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited (and its subsidiary, Far Eastern Bank Limited)
- Printed WHITE application forms which form part of the Prospectus

TABLE OF CONTENTS

	PAGE
NOTICE TO INVESTORS	1
CORPORATE INFORMATION SUMMARY	9
DEFINITIONS	12
SUMMARY	28
SUMMARY OF THE OFFERING	46
INDICATIVE TIMETABLE	50
SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION	52
RISK FACTORS	56
USE OF PROCEEDS	73
DIVIDENDS	75
CAPITALISATION AND INDEBTEDNESS	76
DILUTION	78
EXCHANGE CONTROLS	80
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	82
CORPORATE REORGANISATION AND CORPORATE STRUCTURE	102
BUSINESS	130
GOVERNMENT REGULATIONS	178
MANAGEMENT AND CORPORATE GOVERNANCE	206
123GROW PLAN	226
SHARE CAPITAL AND SHAREHOLDERS	244
INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST	258
TAXATION	267
PLAN OF DISTRIBUTION	272
CLEARANCE AND SETTLEMENT	284
INDEPENDENT AUDITOR AND EXPERT	286
GENERAL AND STATUTORY INFORMATION	287

TABLE OF CONTENTS

APPENDIX A	–	INDEPENDENT AUDITOR’S REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016	A-1
APPENDIX B	–	SUMMARY OF OUR CONSTITUTION	B-1
APPENDIX C	–	DESCRIPTION OF OUR SHARES	C-1
APPENDIX D	–	RULES OF THE HRNET GROW PLAN	D-1
APPENDIX E	–	RULES OF THE BONUS SHARES PLAN	E-1
APPENDIX F	–	INDEPENDENT MARKET RESEARCH REPORT	F-1
APPENDIX G	–	TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE OFFERING SHARES IN SINGAPORE	G-1

NOTICE TO INVESTORS

CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS

All statements contained in this Prospectus, statements made in the press releases and oral statements that may be made by us or our Directors, Executive Officers or employees acting on our behalf, that are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “if”, “intend”, “may”, “plan”, “possible”, “probable”, “project”, “should”, “will” and “would” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our Group’s expected financial position, business strategies, plans and prospects and the future prospects of our industry are forward-looking statements. These forward-looking statements, including but not limited to statements as to our Group’s revenue and profitability, prospects, future plans, other expected industry trends and other matters discussed in this Prospectus regarding matters that are not historic facts, are only predictions.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our Group’s actual future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These factors include, amongst others:

- (a) changes in political, social, economic and stock or securities market conditions, and the regulatory environment in the countries in which we conduct business;
- (b) the risk that we may be unable to execute or implement our business strategies and future plans;
- (c) changes in interest rates and currency exchange rates;
- (d) our anticipated growth strategies and expected internal growth;
- (e) changes in the availability and prices of our solutions and services;
- (f) changes in the availability and salaries of employees who we require to operate our businesses;
- (g) changes in customers’ preferences;
- (h) changes in competitive conditions and our ability to compete under such conditions;
- (i) changes in our future capital needs and the availability of financing and capital to fund such needs;
- (j) war or acts of international or domestic terrorism;
- (k) occurrences of catastrophic events, natural disasters and acts of God that affect our business;
- (l) other factors beyond our control; and
- (m) the factors described in the section entitled “Risk Factors” of this Prospectus.

NOTICE TO INVESTORS

Some of these factors are discussed in more detail in the section entitled “Risk Factors” of this Prospectus, in particular, but not limited to the discussions in the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Prospectus.

All forward-looking statements made by or attributable to us, or persons acting on our behalf, contained in this Prospectus are expressly qualified in their entirety by such factors. Given the risks and uncertainties that may cause our Group’s actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Prospectus, undue reliance must not be placed on these statements. These forward-looking statements are applicable only as of the date of this Prospectus.

Neither our Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters, the respective advisers nor any other person represents or warrants that our Group’s actual future results, performance or achievements will be as discussed in those forward-looking statements. Our actual results, performance or achievements may differ materially from those anticipated in these forward-looking statements.

Further, our Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters, the respective advisers and any other person disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future.

MARKET AND INDUSTRY INFORMATION

This Prospectus includes market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Such surveys, reports, studies, market research, publicly available information and industry publications generally state that the information that they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information.

Our Company has commissioned Frost & Sullivan as the Independent Market Research Consultant to conduct independent market research on the recruitment industry in Singapore and selected Asian countries and to prepare a report for the purpose of inclusion in this document (please refer to Appendix F of this Prospectus for more information). While we believe that the surveys, reports, studies, market research, publicly available information, industry publications and data and information in the Independent Market Research Report are reliable, we cannot ensure the accuracy of the information or data, and neither our Group, the Sole Issue Manager, the Joint Global Coordinators, the Joint Bookrunners and Underwriters, nor any of our respective affiliates or advisors have independently verified such information and data, and make no representation regarding the accuracy and completeness of such data and information.

While we, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have taken reasonable actions to ensure that the information is extracted accurately and in its proper context, none of us, the Sole Issue Manager, Joint Global Coordinators and the Joint Bookrunners and Underwriters have conducted an independent review of the information extracted from third party sources, verified the accuracy or completeness of such data, or ascertained the underlying economic assumptions relied upon therein. Consequently, none of our Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and

NOTICE TO INVESTORS

Underwriters, or their respective officers, agents, employees and advisers makes any representation as to the accuracy or completeness of such information and shall not be obliged to provide any updates on the same.

LISTING ON SGX-ST

We have made an application to the SGX-ST for permission to deal in, and for quotation of, all our issued Shares, the Offering Shares, the Additional Shares, the Cornerstone Shares, the GLOW Initial Shares, the GLOW Additional Shares, the Opp Plans Shares, the Top-up Issuance Shares and the GROW Award Shares. Such permission will be granted when our Company has been admitted to the Official List of the SGX-ST.

Investors, upon subscription of the Offering Shares, are deemed to have specifically approved the 88GLOW Plan and the 123GROW Plan.

You should note that should you subscribe for our Shares, you would face an immediate and substantial dilution in the NAV per Share (including a dilution arising from the completion of the issue of the maximum number of the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares and the Top-up Issuance Shares). Please refer to the section entitled “Risk Factors – Risks relating to ownership of our Shares – Investors in our Shares would face immediate and substantial dilution in NAV per Share and may experience future dilution” for more information.

Our acceptance of applications for the Offering Shares will be conditional upon, amongst other things, permission being granted by the SGX-ST to deal in, and for quotation of, all our issued Shares, the Offering Shares, the Additional Shares, the Cornerstone Shares, the GLOW Initial Shares, the GLOW Additional Shares, the Opp Plans Shares, the Top-up Issuance Shares and the GROW Award Shares. If such permission is not granted for any reason, monies paid in respect of any application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, and you will not have any claims whatsoever against us, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters.

We have received a letter of eligibility-to-list from the SGX-ST for the listing and quotation of all our issued Shares, the Offering Shares, the Additional Shares, the Cornerstone Shares, the GLOW Initial Shares, the GLOW Additional Shares, the Opp Plans Shares, the Top-up Issuance Shares and the GROW Award Shares. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, our Company, our subsidiaries, our Shares (including the Offering Shares, the Additional Shares, the Cornerstone Shares, the GLOW Initial Shares, the GLOW Additional Shares, the Opp Plans Shares, the Top-up Issuance Shares and the GROW Award Shares).

In connection with the Offering, we have granted the Joint Bookrunners and Underwriters the Over-allotment Option, exercisable by the Stabilising Manager (or any of its affiliates or other persons acting on its behalf), in consultation with the other Joint Bookrunners and Underwriters, in full or in part, on one or more occasions, during the period commencing on the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) has bought on the SGX-ST an aggregate of 11,100,000 Shares, representing not more than 12.4% of the total number of Offering Shares in undertaking stabilising actions, to subscribe for up to an aggregate of 11,100,000 Shares (representing 12.4% of the total number of Offering Shares) at the Offering

NOTICE TO INVESTORS

Price, solely to cover the over-allotment of Offering Shares, if any. If the Over-allotment Option is exercised in full, the total number of issued Shares immediately after the completion of the Offering will be 1,022,506,872 Shares (assuming the completion of the issue of (i) 34,617,200 GLOW Initial Shares, (ii) an aggregate of 13,687,400 Opp 1 Investment Shares, Opp 1 Loyalty Shares, Opp 2 Investment Shares and Opp 2 Buy-in Shares and (iii) 1,962,701 Top-up Issuance Shares).

In connection with the Offering, the Stabilising Manager (or any of its affiliates or other persons acting on its behalf), may over-allot Shares or effect transactions that stabilise or maintain the market price of our Shares at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulation thereunder. Such transactions, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the Listing Date or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) has bought on the SGX-ST an aggregate of 11,100,000 Shares, representing not more than 12.4% of the total number of Offering Shares, in undertaking stabilising actions.

Neither our Company, the Sole Issue Manager, the Joint Global Coordinators, the Joint Bookrunners and Underwriters nor any other parties involved in the Offering is making any representation to any person regarding the legality of an investment in our Shares by such person under any investment or other laws or regulations.

No information in this Prospectus should be considered to be business, legal, financial or tax advice regarding an investment in our Shares. You should consult your own legal, financial, tax or other professional adviser regarding an investment in our Shares. Investors should be aware that they may be required to bear the financial risk of an investment in our Shares for an indefinite period of time.

No person has been or is authorised to give any information or to make any representation not contained in this Prospectus in connection with the Offering and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of us, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters. Neither the delivery of this Prospectus and the Application Forms nor the Offering shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change, or development reasonably likely to involve a material change in the affairs, conditions and prospects of our Company or our Group or in any statement of fact or information contained in this Prospectus since the date of this Prospectus. Where such changes occur and are material or are required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we may make an announcement of the same to the SGX-ST and the public, and if required, issue and lodge an amendment to this Prospectus or a supplementary or replacement prospectus pursuant to Section 240 or, as the case may be, Section 241 of the Securities and Futures Act and take immediate steps to comply with the said sections.

You should take note of any such announcement and/or documents issued by us in compliance with the Securities and Futures Act and, upon release of such announcement and/or documents, shall be deemed to have notice of such changes.

NOTICE TO INVESTORS

The distribution of this Prospectus and the offering, subscription, sale or transfer of our Shares in certain jurisdictions may be restricted by law. We, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters require persons into whose possession this Prospectus comes to inform themselves about, and to observe, any such restrictions at their own expense and without liability to us, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters.

Save as expressly stated in this Prospectus, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies. This Prospectus has been prepared solely for the purpose of the Offering and may not be relied upon by any persons other than yourself in connection with your application for the Offering Shares or for any other purpose. **This Prospectus does not constitute an offer or invitation or solicitation to subscribe for the Offering Shares in any jurisdiction in which such offer, invitation or solicitation is unauthorised or unlawful nor does it constitute an offer or invitation or solicitation to any person to whom it is unlawful to make such an offer or invitation or solicitation.**

The Offering Shares are only being offered and sold outside the US in “offshore transactions” as defined in, and in reliance on, Regulation S. The Offering Shares have not been, and will not be, registered under the US Securities Act and may not be re-offered, re-sold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S or pursuant to another exemption from the registration requirements of the US Securities Act.

A copy of this Prospectus has been lodged with and registered by the Authority. The Authority assumes no responsibility of the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares (including the Offering Shares, the Additional Shares, the Cornerstone Shares, the GLOW Initial Shares, the GLOW Additional Shares, the Opp Plans Shares, the Top-up Issuance Shares and the GROW Award Shares, as the case may be) being offered for investment. We have not lodged or registered this Prospectus in any other jurisdiction.

No Shares shall be allotted and/or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the Authority.

We are subject to the provisions of the Securities and Futures Act and the Listing Manual regarding corporate disclosure. In particular, pursuant to Section 241 of the Securities and Futures Act, if after this Prospectus is registered but before the close of the Offering, we become aware of:

- (a) a false or misleading statement in this Prospectus;
- (b) an omission from this Prospectus of any information that should have been included in it under Section 243 of the Securities and Futures Act; or
- (c) a new circumstance that has arisen since this Prospectus was lodged with the Authority which would have been required by Section 243 of the Securities and Futures Act to be included in this Prospectus, if it had arisen before this Prospectus was lodged,

that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement prospectus with the Authority. In the event a supplementary or replacement prospectus is lodged with the Authority, the Offering will remain open for at least 14 days after the

NOTICE TO INVESTORS

lodgment of the supplementary or replacement prospectus. All applicants should take note of any such supplementary or replacement prospectus and, upon the release of the same, shall be deemed to have notice of such changes.

Where prior to the lodgment of the supplementary or replacement prospectus, applications have been made under this Prospectus to subscribe for the Offering Shares and:

- (a) where the Offering Shares have not been issued to you, our Company shall either:
 - (i) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgment of the supplementary or replacement prospectus, give you notice of how to obtain, or arrange to receive, a copy of the supplementary or replacement prospectus, as the case may be, and provide you with an option to withdraw your application and take all reasonable steps to make available within a reasonable period the supplementary or replacement prospectus, as the case may be, to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the supplementary or replacement prospectus;
 - (ii) within seven (7) days from the date of lodgment of the supplementary or replacement prospectus, give you the supplementary or replacement prospectus, as the case may be, and provide you with an option to withdraw your application; or
 - (iii) treat the applications as withdrawn and cancelled, in which case your application shall be deemed to have been withdrawn and cancelled and our Company shall, within seven (7) days from the date of lodgment of the supplementary or replacement prospectus, return all monies paid in respect of any application for the Offering Shares, without interest or any share of revenue or other benefit arising therefrom and at your own risk; or
- (b) where the Offering Shares have been issued to you, our Company shall either:
 - (i) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgment of the supplementary or replacement prospectus give you notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement prospectus, as the case may be, and provide you with an option to return to our Company the Offering Shares which you do not wish to retain title in, and take all reasonable steps to make available within a reasonable period the supplementary or replacement prospectus, as the case may be, to you if you have indicated you wish to obtain, or have arranged to receive, a copy of the supplementary or replacement prospectus;
 - (ii) within seven (7) days from the date of lodgment of the supplementary or replacement prospectus, give you the supplementary or replacement prospectus, as the case may be, and provide you with an option to return to our Company the Offering Shares which you do not wish to retain title in; or
 - (iii) treat the issue of Offering Shares as void, in which case the issue shall be deemed void and our Company shall, within seven (7) days from the date of lodgment of the supplementary or replacement prospectus, return all monies paid in respect of any application for the Offering Shares, without interest or any share of revenue or other benefit arising therefrom and at your own risk.

NOTICE TO INVESTORS

If you wish to exercise your option under paragraph (a)(i) or (ii) above to withdraw your application in respect of the Offering Shares, you shall, within 14 days from the date of lodgment of the supplementary or replacement prospectus, notify our Company of such intention, whereupon our Company shall, within seven (7) days from the receipt of such notification, if any, pay to you all monies paid by you on account of your application for such Offering Shares, without interest or any share of revenue or other benefit arising therefrom and at your own risk.

If you wish to exercise your option under paragraph (b)(i) or (ii) above to return the Offering Shares issued to you, you shall, within 14 days from the date of lodgment of the supplementary or replacement prospectus, notify our Company of such intention and return all documents, if any, purporting to be evidence of title to those Offering Shares, to our Company, whereupon our Company shall, within seven (7) days from the receipt of such notification and documents, if any, pay to you all monies paid by you on account of your application for those Offering Shares, without interest or any share of revenue or other benefit arising therefrom and at your own risk and the issue of those Offering Shares shall be deemed to be void.

Under the Securities and Futures Act, the Authority may, in certain circumstances issue a stop order pursuant to Section 242 of the Securities and Futures Act (the “**Stop Order**”) to our Company, directing that no Offering Shares or no further Shares to which this Prospectus relates, be allotted or issued. Such circumstances will include a situation where (i) the Authority is of the opinion that this Prospectus contains a false or misleading statement; (ii) there is an omission from this Prospectus of any information that is required to be included in it under Section 243 of the Securities and Futures Act; (iii) the Authority is of opinion that this Prospectus does not comply with the requirement of the Securities and Futures Act; or (iv) the Authority is of the opinion that it is in the public interest to do so.

In the event that the Authority issues a Stop Order and applications to subscribe for the Offering Shares to which the Prospectus relates have been made prior to the Stop Order, then:

- (a) where the Offering Shares have not been issued to you, your application for the Offering Shares shall be deemed to have been withdrawn and cancelled, and our Company shall, within 14 days from the date of the Stop Order, pay to you all monies which you have paid on account of your application for the Offering Shares; or
- (b) where the Offering Shares have been issued to you, the issue of Offering Shares shall be deemed to be void, and our Company shall, within 14 days from the date of the Stop Order, pay to you all monies which you have paid on account of your application for the Offering Shares.

In each of the above instances where monies are refunded to you, such monies shall be paid to you without interest or any share of revenue or other benefit arising therefrom and at your own risk, and you will not have any claims against our Company, the Sole Issue Manager, the Joint Global Coordinators and/or the Joint Bookrunners and Underwriters.

NOTICE TO INVESTORS

Copies of this Prospectus, the Application Forms and envelopes may be obtained on request, subject to availability, during office hours from:

Credit Suisse (Singapore) Limited One Raffles Link #03/#04-01 South Lobby Singapore 039393	Deutsche Bank AG, Singapore Branch One Raffles Quay #16-00 South Tower Singapore 048583	DBS Bank Ltd. 12 Marina Boulevard, Level 46 Marina Bay Financial Centre Tower 3 Singapore 018982	Nomura Singapore Limited 10 Marina Boulevard #36-01 Marina Bay Financial Centre Tower 2 Singapore 018983
--	---	--	--

and where applicable, members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST's website at <http://www.sgx.com> and the Authority's OPERA website at <https://eservices.mas.gov.sg/opera/Default.aspx>.

The Public Offer will open at 8.00 p.m. on 8 June 2017 and will close at 12.00 noon on 14 June 2017 or such other period or periods as our Company and the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters may agree, subject to any limitations under all applicable laws.

Details of the procedures for application for the Offering Shares are set out in Appendix G of this Prospectus.

CORPORATE INFORMATION SUMMARY

BOARD OF DIRECTORS	:	Peter Sim	Founding Chairman
		JS Sim	Executive Director
		Adeline Sim	Executive Director
		Sin Boon Ann	Lead Independent Director
		Heng Su-Ling Mae	Independent Director
		Tan Ngiap Siew	Independent Director
COMPANY SECRETARY	:	Andrea Chee (LLB (Hons))	
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	:	391A Orchard Road #23-06 Ngee Ann City Tower A Singapore 238873	
SHARE REGISTRAR	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623	
SOLE ISSUE MANAGER	:	Deutsche Bank AG, Singapore Branch One Raffles Quay #16-00 South Tower Singapore 048583	
JOINT GLOBAL COORDINATORS	:	Credit Suisse (Singapore) Limited One Raffles Link #03/#04-01 South Lobby Singapore 039393	
		Deutsche Bank AG, Singapore Branch One Raffles Quay #16-00 South Tower Singapore 048583	

CORPORATE INFORMATION SUMMARY

JOINT BOOKRUNNERS AND UNDERWRITERS	:	Credit Suisse (Singapore) Limited One Raffles Link #03/#04-01 South Lobby Singapore 039393 Deutsche Bank AG, Singapore Branch One Raffles Quay #16-00 South Tower Singapore 048583 DBS Bank Ltd. 12 Marina Boulevard, Level 46 Marina Bay Financial Centre Tower 3 Singapore 018982 Nomura Singapore Limited 10 Marina Boulevard #36-01 Marina Bay Financial Centre Tower 2 Singapore 018983
SINGAPORE PUBLIC OFFER COORDINATOR	:	DBS Bank Ltd. 12 Marina Boulevard, Level 46 Marina Bay Financial Centre Tower 3 Singapore 018982
SOLICITORS TO OUR COMPANY AS TO SINGAPORE LAW	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
SOLICITORS TO THE SOLE ISSUE MANAGER, THE JOINT GLOBAL COORDINATORS AND THE JOINT BOOKRUNNERS AND UNDERWRITERS AS TO SINGAPORE LAW	:	Allen & Overy LLP 50 Collyer Quay #09-01 OUE Bayfront Singapore 049321
LEGAL ADVISERS TO OUR COMPANY ON HONG KONG LAW	:	King & Wood Mallesons 13/F Gloucester Tower, The Landmark, 15 Queen's Road Central Central, Hong Kong
LEGAL ADVISERS TO OUR COMPANY ON JAPAN LAW	:	TMI Associates 23rd Floor, Roppongi Hills Mori Tower, 6-10-1 Roppongi, Minato-ku, Tokyo 106-6123, Japan

CORPORATE INFORMATION SUMMARY

LEGAL ADVISERS TO OUR COMPANY ON PRC LAW	:	Deheng Shanghai Law Office Rm 1703-1704, 17F, Taiping Finance Tower 488 Yincheng (Mid) Road Pudong New District, Shanghai 200120 People's Republic of China
LEGAL ADVISERS TO OUR COMPANY ON TAIWAN LAW	:	Tsar & Tsai Law Firm 8th Fl., 245 DunHua S. Road Sec. 1, Taipei 106, Taiwan, Republic of China
INDEPENDENT AUDITOR AND REPORTING ACCOUNTANT	:	Deloitte & Touche LLP Public Accountants and Chartered Accountants, Singapore 6 Shenton Way OUE Downtown 2 #33-00 Singapore 068809 Partner-in-charge: Seah Gek Choo (Chartered Accountant, a member of the Institute of Singapore Chartered Accountants)
PRINCIPAL BANKER	:	Nil
RECEIVING BANK	:	DBS Bank Ltd. 12 Marina Boulevard, Level 46 Marina Bay Financial Centre Tower 3 Singapore 018982
INDEPENDENT MARKET RESEARCH CONSULTANT	:	Frost & Sullivan GIC Malaysia Sdn Bhd Suite C-11-02, Block C Plaza Mont' Kiara 2 Jalan Kiara, Mont' Kiara 50480 Kuala Lumpur

DEFINITIONS

In this Prospectus, the accompanying Application Forms, and in relation to the Electronic Applications, the instructions appearing on the screens of the ATMs of Participating Banks and the IB (as defined below) websites of the relevant Participating Banks, unless the context otherwise requires, the following definitions apply throughout where the context so admits:

Group Companies

<i>“APRE”</i>	:	Agensi Pekerjaan Recruit Express Sdn. Bhd.
<i>“Company”</i>	:	HRnetGroup Limited
<i>“Group”</i>	:	Our Company and our subsidiaries, and a “Group Company” shall be construed accordingly
<i>“HRnet Consulting (Taiwan)”</i>	:	HRnet Consulting (Taiwan) Pte. Ltd.
<i>“HRnet Consulting (Thailand)”</i>	:	HRnet Consulting Ltd.
<i>“HRnet Holdings (HK)”</i>	:	HRnet Holdings (HK) Limited
<i>“HRnet One” or “HRS”</i>	:	HRnet One Pte Ltd
<i>“HRnet One (Beijing)”</i>	:	HRnet One (Beijing) Limited
<i>“HRnet One (Hong Kong)”</i>	:	HRnet One Limited
<i>“HRnet One (Guangzhou)”</i>	:	HRnet One (Guangzhou) Limited
<i>“HRnet One (Japan)”</i>	:	HRnet One K.K.
<i>“HRnet One (Malaysia)”</i>	:	HRnet One (Malaysia) Sdn. Bhd. (formerly known as HRnet Performance Consulting Sdn. Bhd.)
<i>“HRnet One (Shanghai)”</i>	:	HRnet One (Shanghai) Limited
<i>“HRnet One (Shanghai) Guangzhou Branch”</i>	:	HRnet One (Shanghai) Limited, Guangzhou Branch
<i>“HRnet One (Shanghai) Shanghai Branch”</i>	:	HRnet One (Shanghai) Limited, Xuhui Branch (located in Xuhui District, Shanghai)
<i>“HRnet One (South Korea)”</i>	:	HRnet One Inc.
<i>“HRnet One (Taiwan)” or “HRT”</i>	:	HRnet One (Taiwan) Pte Ltd

DEFINITIONS

<i>“HRnet One (Taiwan) Branch”</i>	:	HRnet One (Taiwan) Pte Ltd, Taiwan Branch
<i>“HRnet One (Thailand)”</i>	:	HRnet One Executive Recruitment (Thailand) Ltd.
<i>“HRnet Performance Consulting (Singapore)”</i>	:	HRnet Performance Consulting Pte Ltd
<i>“HRSH SPV”</i>	:	HRSH SPV Limited
<i>“HSB”</i>	:	HOSB Consulting Sdn. Bhd. (formerly known as HSB Performance Consulting Sdn. Bhd. and HRnet One Sdn. Bhd.)
<i>“PeopleFirst”</i>	:	PeopleFirst Consulting Sdn. Bhd.
<i>“PeopleSearch”</i>	:	PeopleSearch Pte. Ltd.
<i>“PeopleSearch (Hong Kong)”</i>	:	PeopleSearch Limited
<i>“PeopleSearch (Japan)”</i>	:	PeopleSearch K.K.
<i>“PeopleSearch (Shanghai)”</i>	:	PeopleSearch (Shanghai) Limited
<i>“PeopleSearch (Taiwan)”</i>	:	PeopleSearch (Taiwan) Pte. Ltd.
<i>“PeopleSearch (Taiwan) Branch”</i>	:	PeopleSearch (Taiwan) Pte. Ltd., Taiwan Branch
<i>“PeopleSearch Consulting”</i>	:	PeopleSearch Consulting Pte. Ltd.
<i>“Recruit Express” or “RES”</i>	:	Recruit Express Pte Ltd
<i>“Recruit Express (Australia)”</i>	:	Recruit Express (Australia) Pte. Ltd.
<i>“Recruit Express (Australia Pty)”</i>	:	Recruit Express (Australia) Pty Limited
<i>“Recruit Express (Hong Kong)”</i>	:	Recruit Express (Hong Kong) Limited
<i>“Recruit Express (Taiwan)”</i>	:	Recruit Express (Taiwan) Pte Ltd
<i>“Recruit Express (Taiwan) Branch”</i>	:	Recruit Express (Taiwan) Pte Ltd, Taiwan Branch

DEFINITIONS

<i>“Recruit Express Services (Malaysia)”</i>	:	Recruit Express Services Sdn. Bhd.
<i>“Recruit Express Services (Singapore)”</i>	:	Recruit Express Services Pte. Ltd.
<i>“RecruitFirst”</i>	:	RecruitFirst Pte. Ltd.
<i>“RecruitFirst (Hong Kong)”</i>	:	RecruitFirst Limited
<i>“Recruit Legal”</i>	:	Recruit Legal Limited
<i>“Recruit Legal (Singapore)”</i>	:	Recruit Legal Pte. Ltd.
<i>“SearchAsia”</i>	:	SearchAsia Limited
<i>“SearchAsia Consulting”</i>	:	SearchAsia Consulting Pte. Ltd.
<i>“YesPay”</i>	:	YesPay! Pte. Ltd. (formerly known as HireRight Pte. Ltd.)

Other Companies, Organisations and Agencies

<i>“ACRA”</i>	:	The Accounting and Corporate Regulatory Authority of Singapore
<i>“Authority”</i>	:	The Monetary Authority of Singapore
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“CPF”</i>	:	The Central Provident Fund
<i>“Frost & Sullivan” or “Independent Market Research Consultant”</i>	:	Frost & Sullivan GIC Malaysia Sdn Bhd
<i>“HRnet One Consulting (Malaysia)”</i>	:	HONET Consulting Sdn. Bhd. (formerly known as HRnet One Consulting Sdn. Bhd.)
<i>“IRAS”</i>	:	Inland Revenue Authority of Singapore
<i>“Joint Bookrunners and Underwriters”</i>	:	Credit Suisse (Singapore) Limited, Deutsche Bank AG, Singapore Branch, DBS Bank Ltd., and Nomura Singapore Limited
<i>“Joint Global Coordinators”</i>	:	Credit Suisse (Singapore) Limited and Deutsche Bank AG, Singapore Branch
<i>“MOM”</i>	:	The Ministry of Manpower of Singapore

DEFINITIONS

<i>“Participating Banks”</i>	:	DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited (“UOB Group”) and “Participating Bank” means any of the abovementioned
<i>“PIH”</i>	:	Persimmons Investment Holdings Pte. Ltd. (formerly known as HRnet Investment Holdings Pte. Ltd.)
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“SIC”</i>	:	Securities Industry Council
<i>“Sole Issue Manager”</i>	:	Deutsche Bank AG, Singapore Branch
<i>“Stabilising Manager”</i>	:	Credit Suisse (Singapore) Limited
<i>“Vanda 1”</i>	:	Vanda 1 Investments Pte. Ltd.

General

<i>“1Q”</i>	:	Three months ended 31 March
<i>“123GROW Plan”</i>	:	The share plan, which comprises the Opp 1 Plan, the Opp 2 Plan and the HRnet GROW Plan, adopted by our Company on 24 May 2017
<i>“88GLOW Co-Owners”</i>	:	Holders of minority interests in certain of our subsidiaries who may receive Shares pursuant to the 88GLOW Plan
<i>“88GLOW Plan”</i>	:	Part of the restructuring plan for our Company to acquire certain minority interests in certain subsidiaries from the minority interest holders, details of which are set out in the section entitled “Corporate Reorganisation and Corporate Structure – Corporate Reorganisation” of this Prospectus
<i>“Additional Shares”</i>	:	Up to an aggregate of 11,100,000 new Shares which may be issued pursuant to the exercise of the Over-allotment Option
<i>“Application Forms”</i>	:	The printed application forms to be used for the purpose of the Offering and which form part of this Prospectus
<i>“Associate”</i>	:	In the case of a company, (a) in relation to any director, chief executive officer or controlling shareholder (being an individual) means: (i) his immediate family;

DEFINITIONS

		(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
		(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and
	(b)	in relation to a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
<i>“ATM”</i>	:	Automated teller machine of a Participating Bank
<i>“Audit Committee”</i>	:	The audit committee of our Company as at the date of this Prospectus
<i>“Australia”</i>	:	Commonwealth of Australia
<i>“Board” or “Board of Directors”</i>	:	The board of Directors of our Company
<i>“Bonus Shares Plan”</i>	:	The incentive plan pursuant to which awards will be granted for Opp 1 Bonus Shares and Opp 2 Bonus Shares, as adopted by our Company on 24 May 2017
<i>“CAGR”</i>	:	Compound annual growth rate
<i>“CFO”</i>	:	The chief financial officer of our Company as at the date of this Prospectus
<i>“CPO”</i>	:	The chief people officer of our Company as at the date of this Prospectus
<i>“Code of Corporate Governance”</i>	:	Code of Corporate Governance issued by the Authority on 2 May 2012, as amended, supplemented or modified from time to time
<i>“Companies Act” or the “Act”</i>	:	Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
<i>“Comptroller”</i>	:	Comptroller of Income Tax in Singapore
<i>“Constitution”</i>	:	The constitution of our Company, as amended, supplemented or modified from time to time

DEFINITIONS

<i>“Contractor Employees”</i>	:	Employees who are employed by our Group to fulfil the temporary and contract staffing requirements of our customers
<i>“Controlling Shareholder”</i>	:	<p>A person who:</p> <p>(a) holds directly or indirectly 15.0% or more of the total number of issued shares in the company (excluding treasury shares). The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or</p> <p>(b) in fact exercises control over a company</p>
<i>“Cornerstone Investors”</i>	:	Aberdeen Asset Management Asia Limited, Affin Hwang Asset Management Berhad, Credit Suisse AG, Singapore Branch and Credit Suisse AG, Hong Kong Branch (on behalf of certain of their private banking clients), en-japan inc., FIL Investment Management (Hong Kong) Limited, Meiji Yasuda Asset Management Company Ltd. and TechnoPro Holdings Inc.
<i>“Cornerstone Shares”</i>	:	The Shares issued pursuant to the Cornerstone Subscription Agreements
<i>“Cornerstone Subscription Agreements”</i>	:	The cornerstone subscription agreements entered into between our Company and the Cornerstone Investors
<i>“DBS”</i>	:	DBS Bank Ltd.
<i>“Directors”</i>	:	The directors of our Company as at the date of this Prospectus
<i>“EBITDA”</i>	:	Earnings before interest, taxes, depreciation, and amortisation
<i>“Electronic Applications”</i>	:	Applications for the Public Offer Shares made through an ATM or the IB websites of the relevant Participating Banks, subject to and on the terms and conditions of this Prospectus
<i>“Employment Act” or “EA”</i>	:	Employment Act, Chapter 91 of Singapore, as amended, modified or supplemented from time to time
<i>“Employment Agencies Act”</i>	:	Employment Agencies Act, Chapter 92 of Singapore, as amended, modified or supplemented from time to time
<i>“Employment Agencies Licence Conditions”</i>	:	The conditions stipulated by MOM under which employment agency licences may be granted under the Employment Agencies Act

DEFINITIONS

<i>“Employment Agencies Rules”</i>	:	Employment Agencies Rules 2011, as amended, modified or supplemented from time to time
<i>“Entity at Risk”</i>	:	(a) our Company; (b) a subsidiary of our Company that is not listed on the SGX-ST or an approved exchange; or (c) an associated company of our Company that is not listed on the SGX-ST or an approved exchange, provided that our Group, or our Group and Interested Person(s), has control over the associated company
<i>“EPS”</i>	:	Earnings per Share
<i>“Executive Directors”</i>	:	The executive Directors of our Company as at the date of this Prospectus
<i>“Executive Officers”</i>	:	The executive officers of our Group as at the date of this Prospectus, who are also key executives as defined under the SFR
<i>“FY”</i>	:	Financial year ended or, as the case may be, ending 31 December
<i>“General Counsel”</i>	:	The general counsel of our Company as at the date of this Prospectus
<i>“GFC”</i>	:	Global financial crisis
<i>“GLOW Additional Shares”</i>	:	Shares which are to be issued by our Company from time to time pursuant to the 88GLOW Plan (other than the Shares issued in connection with the Initial Acquisition). Any reference herein to GLOW Additional Shares for which we made an application to the SGX-ST for permission to deal in, and for quotation, and GLOW Additional Shares for which we received a letter of eligibility-to-list from the SGX-ST for the listing and quotation is a reference to up to 166,133,592 Shares
<i>“GLOW Initial Shares”</i>	:	Up to 34,617,200 Shares which are to be issued by our Company in connection with the Initial Acquisition pursuant to the 88GLOW Plan
<i>“GLOW Shares”</i>	:	The Shares to be issued from time to time pursuant to the 88GLOW Plan, being the GLOW Additional Shares and the GLOW Initial Shares

DEFINITIONS

<i>“GROW Award Shares”</i>	:	The Shares which are to be issued from time to time upon the release of the share awards granted pursuant to the HRnet GROW Plan
<i>“GROW Investment Shares”</i>	:	The Shares which are to be issued from time to time pursuant to subscriptions by participants of the HRnet GROW Plan, using cash and/or Loyalty Fund Credits (as defined below), pursuant to the HRnet GROW Plan
<i>“GST”</i>	:	Singapore goods and services tax
<i>“Hong Kong”</i>	:	Hong Kong Special Administrative Region of the PRC
<i>“HR”</i>	:	Human resources
<i>“HRnetOne Entities, Greater China & Japan”</i>	:	HRnet One (Beijing), HRnet One (Hong Kong), HRnet One (Guangzhou), HRnet One (Japan), HRnet One (Shanghai), HRnet One (Taiwan) and HRnet Consulting (Taiwan)
<i>“HRnet GROW Plan”</i>	:	The post-Listing performance share plan adopted by our Company on 24 May 2017 which constitutes part of the 123GROW Plan
<i>“IB”</i>	:	Internet banking
<i>“Immigration Act”</i>	:	Immigration Act, Chapter 133 of Singapore, as amended, modified or supplemented from time to time
<i>“Income Tax Act”</i>	:	Income Tax Act, Chapter 134 of Singapore, as amended, modified or supplemented from time to time
<i>“Independent Directors”</i>	:	The independent Directors of our Company as at the date of this Prospectus
<i>“Initial Acquisition”</i>	:	The initial phase of the 88GLOW Plan to be implemented in connection with, but separate from the Offering, details of which are set out in the section entitled “Corporate Reorganisation and Corporate Structure – Corporate Reorganisation” of this Prospectus
<i>“Interested Person”</i>	:	<p>(a) a Director, chief executive officer or Controlling Shareholder of our Company; or</p> <p>(b) an Associate of any such Director, chief executive officer or Controlling Shareholder</p>
<i>“IT”</i>	:	Information technology

DEFINITIONS

<i>“Latest Practicable Date”</i>	:	15 May 2017, being the latest practicable date prior to the lodgment of this Prospectus with the Authority
<i>“Listing”</i>	:	Listing of our Company on the Main Board of the SGX-ST
<i>“Listing Date”</i>	:	The date of commencement of dealing in our Shares on the SGX-ST
<i>“Listing Manual”</i>	:	Listing manual of the SGX-ST, as amended, supplemented or modified from time to time
<i>“Loyalty Fund Credits”</i>	:	Bonus entitlements given to eligible employees, details of which are set out in the section entitled “123GROW Plan” of this Prospectus
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“Market Price”</i>	:	A price equal to the weighted average price for trades done for the Shares on the SGX-ST for the full Market Day on which the invitation letter is accepted in accordance with the rules of the HRnet GROW Plan or if trading for the Shares is not available for a full Market Day, the weighted average price for trades done on the preceding Market Day up to the time such invitation letter is accepted
<i>“Market Value”</i>	:	<p>In relation to a Share, on any day:</p> <p>(a) the volume-weighted average price of a Share on the SGX-ST over the five (5) immediately preceding Market Days; or</p> <p>(b) if the Administration Committee is of the opinion that the Market Value as determined in accordance with (a) above is not representative of the value of a Share, such price as the Administration Committee may determine, such determination to be confirmed in writing by the auditors of our Company from time to time (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable</p>
<i>“MNC”</i>	:	Multinational corporation
<i>“NAV”</i>	:	Net asset value excluding non-controlling interests
<i>“Nominating Committee”</i>	:	The nominating committee of our Company as at the date of this Prospectus
<i>“NOP”</i>	:	Persons who are not involved in the day-to-day operations of the relevant subsidiaries

DEFINITIONS

<i>“NPBT”</i>	:	Net profit before tax
<i>“NTA”</i>	:	Net tangible assets
<i>“Offering”</i>	:	The Placement and the Public Offer
<i>“Offering Price”</i>	:	S\$0.90 for each Share
<i>“Offering Shares”</i>	:	The 89,482,000 Shares offered under the Placement and the Public Offer (subject to the Over-allotment Option)
<i>“OP”</i>	:	Persons who are involved in the day-to-day operations of the relevant business units
<i>“Opp 1 Bonus Shares”</i>	:	The Shares which are to be issued from time to time upon the release of the share awards granted pursuant to the Opp 1 Plan, details of which are set out in the section entitled “123GROW Plan” of this Prospectus
<i>“Opp 1 Investment Shares”</i>	:	Up to 5,427,400 Shares which are to be issued in consideration for cash pursuant to the Opp 1 Plan, details of which are set out in the section entitled “123GROW Plan” of this Prospectus
<i>“Opp 1 Loyalty Shares”</i>	:	Up to 5,427,400 Shares which are to be issued in consideration for Loyalty Fund Credits pursuant to the Opp 1 Plan, details of which are set out in the section entitled “123GROW Plan” of this Prospectus
<i>“Opp 1 Plan”</i>	:	The pre-Listing share plan adopted by our Company on 24 May 2017 which constitutes part of the 123GROW Plan, details of which are set out in the section entitled “123GROW Plan” of this Prospectus
<i>“Opp 1 Shares”</i>	:	Opp 1 Bonus Shares, Opp 1 Investment Shares and Opp 1 Loyalty Shares
<i>“Opp 2 Bonus Shares”</i>	:	The Shares which are to be issued from time to time upon the release of the share awards granted pursuant to the Opp 2 Plan, details of which are set out in the section entitled “123GROW Plan” of this Prospectus
<i>“Opp 2 Buy-in Shares”</i>	:	Up to 1,227,100 Shares which are to be issued in consideration for cash or Loyalty Fund Credits, as the case may be, pursuant to the Opp 2 Plan, details of which are set out in the section entitled “123GROW Plan” of this Prospectus

DEFINITIONS

<i>“Opp 2 Investment Shares”</i>	:	Up to 1,605,500 Shares which are to be issued in consideration for cash pursuant to the Opp 2 Plan, details of which are set out in the section entitled “123GROW Plan” of this Prospectus
<i>“Opp 2 Plan”</i>	:	The pre-Listing share plan adopted by our Company on 24 May 2017 which constitutes part of the 123GROW Plan, details of which are set out in the section entitled “123GROW Plan” of this Prospectus
<i>“Opp 2 Shares”</i>	:	Opp 2 Bonus Shares, Opp 2 Buy-in Shares and Opp 2 Investment Shares
<i>“Opp Plans Bonus Shares”</i>	:	Opp 1 Bonus Shares and Opp 2 Bonus Shares
<i>“Opp Plans Shares”</i>	:	Opp 1 Shares and Opp 2 Shares
<i>“Over-allotment Option”</i>	:	The over-allotment option granted by us to the Joint Bookrunners and Underwriters, exercisable by the Stabilising Manager (or any of its affiliates or other persons acting on its behalf), in consultation with the other Joint Bookrunners and Underwriters, in full or in part, on one or more occasions, during the period commencing on the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) has bought on the SGX-ST an aggregate of 11,100,000 Shares, representing not more than 12.4% of the total number of Offering Shares, in undertaking stabilising actions, to subscribe for up to an aggregate of 11,100,000 Shares (representing 12.4% of the total number of Offering Shares) at the Offering Price. If the Over-allotment Option is exercised in full, the total number of issued Shares immediately after the completion of the Offering will be 1,022,506,872 Shares (assuming the completion of the issue of (i) 34,617,200 GLOW Initial Shares, (ii) an aggregate of 13,687,400 Opp 1 Investment Shares, Opp 1 Loyalty Shares, Opp 2 Investment Shares and Opp 2 Buy-in Shares and (iii) 1,962,701 Top-up Issuance Shares). Unless otherwise indicated, all information in this Prospectus assumes that the Stabilising Manager does not exercise the Over-allotment Option
<i>“PeopleSearch Entities”</i>	:	PeopleSearch, PeopleSearch (Hong Kong), PeopleSearch (Japan), PeopleSearch (Shanghai), PeopleSearch (Taiwan), PeopleSearch Consulting and YesPay
<i>“PER”</i>	:	Price earnings ratio
<i>“Period Under Review”</i>	:	The period which comprises FY2014, FY2015 and FY2016

DEFINITIONS

<i>“Personal Data Protection Act” or “PDPA”</i>	:	Personal Data Protection Act 2012 (No. 26 of 2012) of Singapore, as amended, modified or supplemented from time to time
<i>“PHC”</i>	:	Productive headcount. This refers to (i) sales personnel who achieve gross profit of at least three times of their payroll costs for the relevant financial period; or (ii) non-sales personnel who have achieved at least 80% of their key performance indicators which have been set for the relevant financial period
<i>“Placement”</i>	:	The international placement of 85,682,000 Offering Shares to investors, including institutional and other investors in Singapore, outside the US in reliance on Regulation S
<i>“Placement Shares”</i>	:	The 85,682,000 Offering Shares which are the subject of the Placement
<i>“PRC” or “China”</i>	:	The People’s Republic of China (which excludes Hong Kong, Macau Special Administrative Region and Taiwan)
<i>“Prospectus”</i>	:	This prospectus dated 8 June 2017 issued by our Company in respect of the Offering
<i>“Public Offer”</i>	:	The offer of 3,800,000 Offering Shares to the public in Singapore for subscription at the Offering Price, subject to and on the terms and conditions set out in this Prospectus
<i>“Public Offer Shares”</i>	:	The 3,800,000 Offering Shares which are the subject of the Public Offer
<i>“Recruit Express Entities”</i>	:	APRE, Recruit Express, Recruit Express (Australia), Recruit Express (Australia Pty), Recruit Express (Hong Kong), Recruit Express (Taiwan), Recruit Express Services (Malaysia), Recruit Express Services (Singapore), Recruit Legal, and Recruit Legal (Singapore)
<i>“Regulation S”</i>	:	Regulation S under the US Securities Act
<i>“Remuneration Committee”</i>	:	The remuneration committee of our Company as at the date of this Prospectus
<i>“Reserved Shares”</i>	:	440,800 Offering Shares under the Public Offer reserved for directors and employees of our Company and our subsidiaries who have contributed to our success

DEFINITIONS

<i>“Restructuring Exercise”</i>	:	The restructuring exercise in respect of our Group that was carried out or, as the case may be, that is in the process of being carried out, as described in the section entitled “Corporate Reorganisation and Corporate Structure” of this Prospectus
<i>“SearchAsia Entities”</i>	:	SearchAsia Limited and SearchAsia Consulting Pte. Ltd.
<i>“Securities Account”</i>	:	Securities account maintained by a Depositor with CDP but does not include a securities sub-account
<i>“Securities and Futures Act” or “SFA”</i>	:	Securities and Futures Act, Chapter 289 of Singapore, as amended, supplemented or modified from time to time
<i>“Service Agreements”</i>	:	The service agreements entered into between each of Peter Sim, JS Sim and Adeline Sim and HRnet One and Recruit Express (as the case may be), as described in the section entitled “Management and Corporate Governance – Service Agreements” of this Prospectus
<i>“SFR”</i>	:	The Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005, as amended, modified or supplemented from time to time
<i>“SFRS”</i>	:	Singapore Financial Reporting Standards
<i>“SGXNET”</i>	:	The corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
<i>“Shareholders”</i>	:	Registered shareholders of our Company, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
<i>“Shares”</i>	:	Fully paid ordinary shares of our Company
<i>“South Korea”</i>	:	Republic of Korea
<i>“Substantial Shareholder”</i>	:	A person who holds, directly or indirectly, 5.0% or more of the total issued share capital of our Company
<i>“Take-over Code”</i>	:	The Singapore Code on Take-overs and Mergers, which is administered by the SIC
<i>“Thailand”</i>	:	Kingdom of Thailand

DEFINITIONS

<i>“Top-up Issuance”</i>	:	The issuance of up to 1,962,701 new Shares to Vanda 1 pursuant to the investment agreement entered into between our Company, SIMCO Ltd and Vanda 1 on 21 October 2016
<i>“Top-up Issuance Shares”</i>	:	The up to 1,962,701 new Shares to be issued pursuant to the Top-up Issuance
<i>“UK”</i>	:	The United Kingdom of Great Britain and Northern Ireland
<i>“Underwriting Agreement”</i>	:	The underwriting agreement dated 8 June 2017 entered into amongst our Company and the Joint Bookrunners and Underwriters
<i>“USA” or “US”</i>	:	The United States of America
<i>“US Securities Act”</i>	:	United States Securities Act of 1933, as amended
<i>“Workplace Safety and Health Act”</i>	:	Workplace Safety and Health Act, Chapter 354A of Singapore, as amended, modified or supplemented from time to time

Currencies, Units and Others

<i>“CNY”</i>	:	Chinese Yuan, being the lawful currency of PRC
<i>“HKD” or “HK\$”</i>	:	Hong Kong dollars, being the lawful currency of Hong Kong
<i>“JPY”</i>	:	Japanese Yen, being the lawful currency of Japan
<i>“KRW”</i>	:	Korean Won, being the lawful currency of South Korea
<i>“MYR”</i>	:	Malaysian Ringgit, being the lawful currency of Malaysia
<i>“S\$” or “SGD” and “cents”</i>	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore
<i>“THB”</i>	:	Thai Baht, being the lawful currency of Thailand
<i>“TWD”</i>	:	Taiwan dollars, being the lawful currency of Taiwan
<i>“US\$” or “USD”</i>	:	US dollars, being the lawful currency of the US
<i>“%”</i>	:	Per centum or percentage

DEFINITIONS

Names used in this Prospectus Names

<i>“Adeline Sim”</i>	:	Sim Wei Ling, Adeline (Mrs Tan Wei Ling, Adeline)
<i>“Aviel Sim”</i>	:	Sim Wei Wen, Aviel
<i>“Christine Sim”</i>	:	Sim Hui Ling Christine
<i>“Jennifer Kang”</i>	:	Kang Ah Eng
<i>“Joshua Sim”</i>	:	Sim Wei Rong Joshua
<i>“JS Sim”</i>	:	Sim Joo Siang
<i>“Lorencz Tay”</i>	:	Tay Yuh Shiuan
<i>“Madeline Wan”</i>	:	Wan Poh Cheng, Madeline (Yin Baozhen, Madeline)
<i>“Nelly Sim”</i>	:	Nelly Sim Nee Tan Kheng Eng
<i>“Peter Sim”</i>	:	Sim Yong Siang

Any reference to “our”, “ourselves”, “us”, “we” or other grammatical variations thereof in this Prospectus is a reference to our Company, our Group or any member of our Group as the context requires.

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

The term “subsidiary” shall have the same meaning ascribed to it in paragraph 1 of the Fourth Schedule of the SFR.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Any reference in this Prospectus, the Application Forms or the Electronic Applications to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined in the Companies Act, the Securities and Futures Act or any statutory modification thereof or the Listing Manual and used in this Prospectus, the Application Forms and Electronic Applications shall, where applicable, have the meanings, assigned to them under the Companies Act, the Securities and Futures Act or such statutory modification, or the Listing Manual, as the case may be.

Any reference in this Prospectus, the Application Forms or the Electronic Applications to Shares being allotted to an applicant includes allotment to CDP for the account of that applicant.

Various names with Chinese characters have been translated into English names. These translations are provided solely for your convenience. The English translations may not have been registered with the relevant Chinese authorities and should not be construed as representations that the English names actually represent the names Chinese characters.

DEFINITIONS

Any reference to a time of day or dates in this Prospectus, the Application Forms or the Electronic Applications shall be a reference to Singapore time and dates, unless otherwise stated.

Any discrepancies in the tables included in this Prospectus between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown in totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Our customers named in this Prospectus are generally referred to, in this Prospectus, by their trade names. Our contracts with these customers are typically with an entity or entities in that customer's group of companies.

Our competitors named in this Prospectus are generally referred to, in this Prospectus, by their trade names.

In addition, unless we indicate otherwise, all information in this Prospectus assumes that (i) the Stabilising Manager has not exercised the Over-allotment Option and (ii) no Offering Shares have been re-allocated between the Placement and the Public Offer.

SUMMARY

OUR BUSINESS

We are the largest Asia-based recruitment agency in Asia Pacific (excluding Japan), as compared to other key players within the professional recruitment and flexible staffing industry with presence in Asia Pacific, according to Frost & Sullivan. As at 31 December 2016, we operate in 10 Asian growth cities, namely, Singapore (where our headquarters are located), Kuala Lumpur, Bangkok, Hong Kong, Taipei, Guangzhou, Shanghai, Beijing, Tokyo and Seoul.

As at the Latest Practicable Date, we operate and manage our business primarily as two operating segments, namely flexible staffing and professional recruitment. Both segments serve close to 30 diversified sectors, covering a wide spectrum of industries, including financial institutions, retail and consumer, information technology and telecommunications, manufacturing, healthcare life science, insurance and logistics, and functions such as human resources, finance and accounting, and legal and compliance. We also offer other services, such as payroll processing, HR consulting and corporate training.

As at 31 December 2016, we counted over 2,000 clients, including 104 Fortune 500 clients, as part of our client base. Our clients include Samsung Asia, Master Kong, Bundwealth, Seibu Holdings, Olympus, Fubon Bank, Gardens by the Bay and Acer.

We have demonstrated a track record of strong organic growth, having grown from operating 17 business units with 426 permanent employees as at 31 December 2006 to operating 24 business units with 838 permanent employees of 22 nationalities as at 31 December 2016. Our revenue has grown from S\$94 million⁽¹⁾ in FY2006 to S\$365 million in FY2016 and our net profit has grown from S\$9 million⁽¹⁾ in FY2006 to S\$48 million in FY2016. To date, our growth has been driven by our excellent operational execution and solid business infrastructure of established systems and processes and our organisational culture that strives to cultivate core values of diligence, discipline and integrity.

Note:

- (1) This represents an aggregation of revenues or, as the case may be, net profit of our Group Companies with different financial year ends. For 2016, 2015 and 2014, this was prepared on the basis of the financial statements of our Group Companies for the financial year ended 31 December. For 2013 and the years preceding 2013, this was prepared on the basis of the financial statements of HRnet One and its subsidiaries, which financial statements were for the financial year ended 30 June and Recruit Express and its subsidiaries, which financial statements were for the financial year ended 31 March.

Please refer to the section entitled “Business – Our Business” of this Prospectus for more information.

OUR COMPETITIVE STRENGTHS

Focus on Asian growth cities

Our Group is only focused on Asian growth cities. We currently operate in 10 Asian growth cities, namely, Singapore, Kuala Lumpur, Bangkok, Hong Kong, Taipei, Guangzhou, Shanghai, Beijing, Tokyo and Seoul.

Our strategy is to be present in Asian growth cities with high level of commercial activities and job opportunities, a large and growing population with a large labour force and young population demographics so as to maintain our strong growth trajectory without affecting our profitability. Our future expansion plans are anchored around this strategy, and we do not intend to expand into markets where we do not see a profitable business case.

SUMMARY

Largest Asia-based recruitment agency in Asia Pacific (excluding Japan) with dominance in Singapore

We are the largest Asia-based recruitment agency in Asia Pacific (excluding Japan), as compared to other key players within the professional recruitment and flexible staffing industry with presence in Asia Pacific, according to Frost & Sullivan.

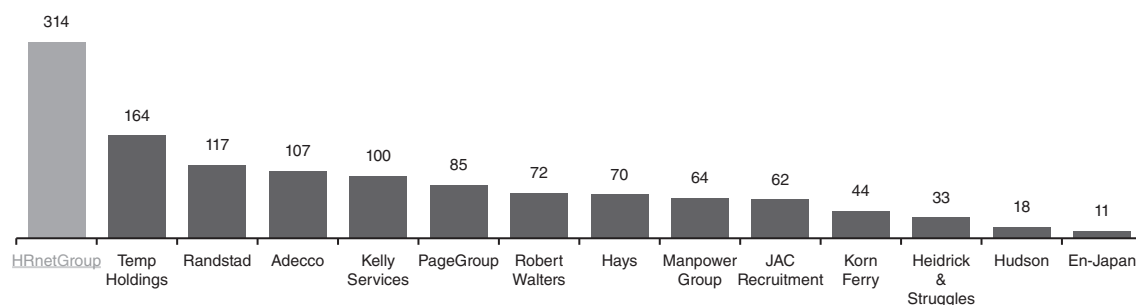
Dominance in Singapore

According to Frost & Sullivan, we are the largest recruitment player in Singapore in terms of number of licensed consultants and revenue as well as the most profitable recruitment player in Singapore in terms of net profit before tax.

Please refer to the section entitled “Government Regulations – Employment Agencies Act and Employment Agencies Rules 2011” of this Prospectus for further details on the requirements for registration of an employment agency personnel applicable to such licenced consultants in Singapore.

As at 31 December 2016, we had 314 licensed consultants in Singapore, which was 48% more than our nearest competitor in Singapore, according to Frost & Sullivan, as illustrated in the diagram below.

Number of licensed consultants of key players in Singapore based on Ministry of Manpower records as at 31 December 2016⁽¹⁾



Source: Frost & Sullivan

According to Frost & Sullivan, we are the largest recruitment player by revenue in Singapore, with a market share of 20.5%.

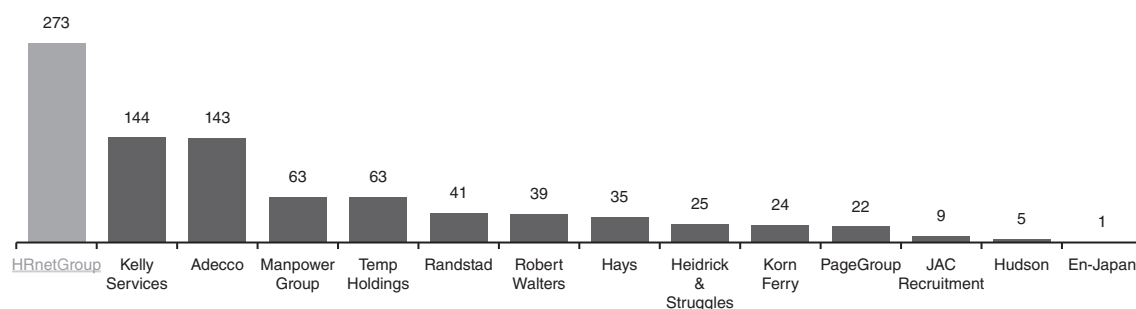
Note:

- (1) Temp Holdings' metrics are based on Capita Pte Ltd, which is a wholly-owned subsidiary of Temp Holdings operating in Singapore.

SUMMARY

For FY2015, we achieved revenues of approximately S\$273 million in Singapore, which was 47% higher than our nearest competitor in Singapore which achieved revenue of approximately S\$144 million in Singapore, according to Frost & Sullivan, as illustrated in the diagram below.

Singapore-only revenues of key players in Singapore in FY2015 (in S\$'million)⁽¹⁾



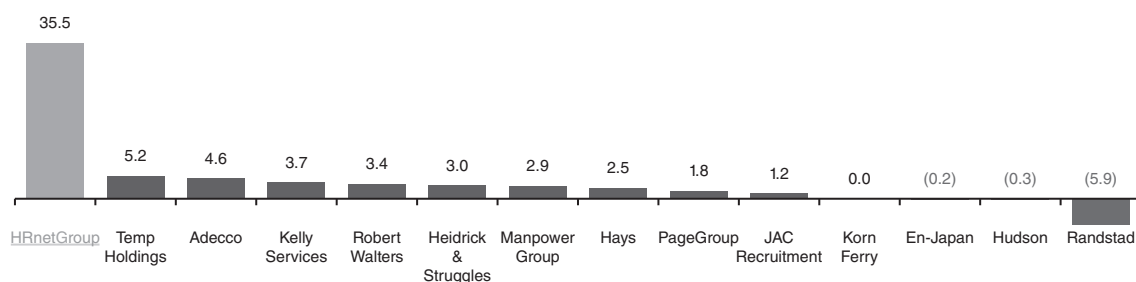
Source: Frost & Sullivan

Note:

- (1) Temp Holdings' metrics are based on Capita Pte Ltd, which is a wholly-owned subsidiary of Temp Holdings operating in Singapore.

For FY2015, we achieved net profit before tax of approximately S\$35.5 million in Singapore, which was about seven times higher than our nearest competitor in Singapore which achieved net profit before tax of approximately S\$5.2 million in Singapore, according to Frost & Sullivan, as illustrated in the diagram below.

Singapore-only net profit before tax of key players in Singapore in FY2015 (in S\$'million)⁽¹⁾



Source: Frost & Sullivan

Note:

- (1) Temp Holdings' metrics are based on Capita Pte Ltd, which is a wholly-owned subsidiary of Temp Holdings operating in Singapore.

SUMMARY

Due to our size and scale, we have the following competitive advantages:

- economies of scale in managing our cost base;
- comprehensive support functions to allow consultants to focus on generating revenue;
- branding to attract high calibre candidates;
- balance sheet to support payroll requirements of customers with high flexible staffing needs;
- regional reach to support MNCs across multiple locations; and
- deeply specialised teams with strong domain knowledge.

Strong growth and profitability since inception

Our Group has posted strong financial performance since inception, demonstrated through overall top-line and bottom-line growth over more than 24 years of operation.

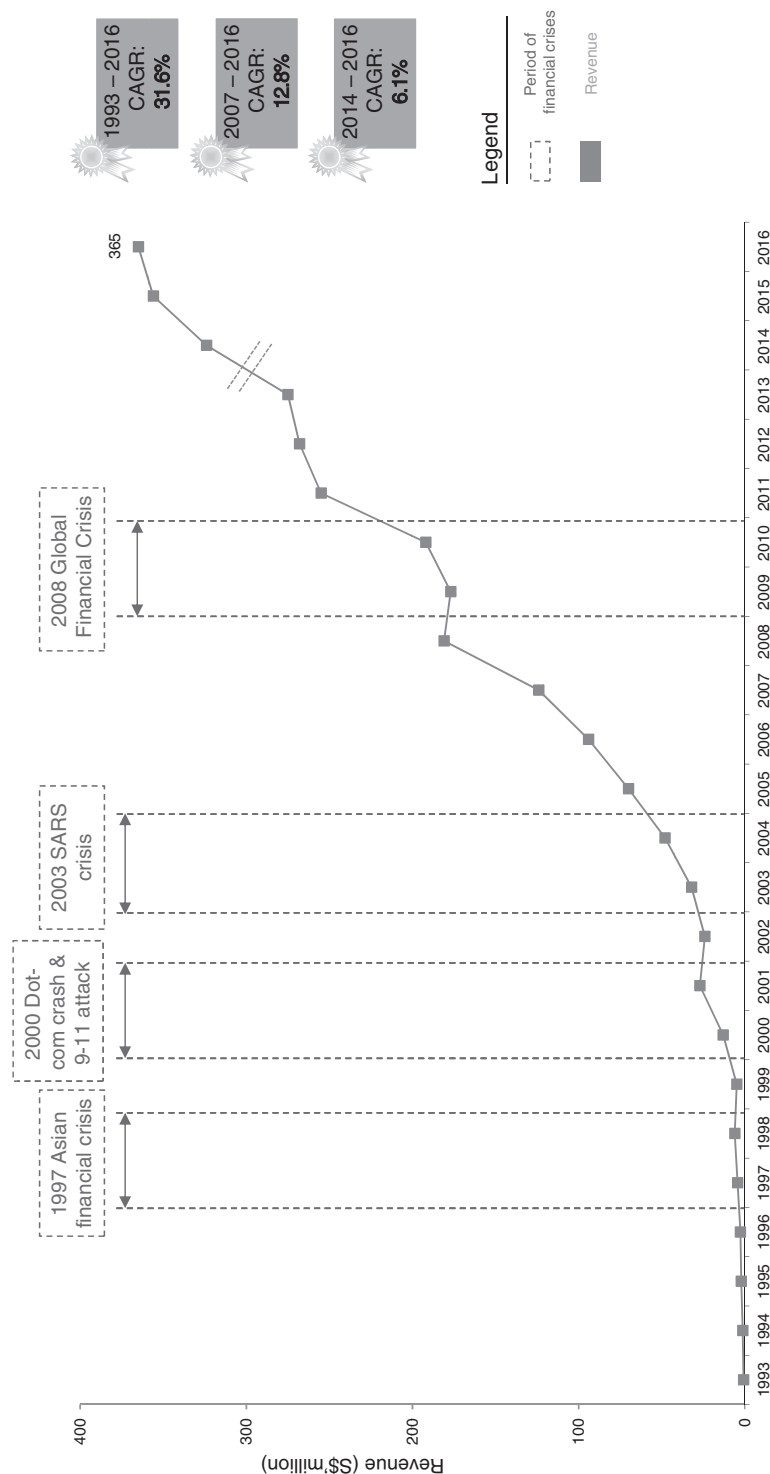
Our 24-year, 10-year, and FY2014 to FY2016 CAGRs for revenue were 31.6%, 12.8%, and 6.1% respectively, as illustrated in Diagram 1 below. This had been achieved through our strong relationship with customers, diversified business model across professional recruitment and flexible staffing, and strategic expansion across Asian growth cities.

Similarly, our 24-year, 10-year, and FY2014 to FY2016 CAGRs for net profit were 39.5%, 14.6%, and 13.0% respectively, as illustrated in Diagram 2 below. This had been achieved through our entrepreneurial and cost-effective business model, which rewards our leaders and business pioneers based on sharing of profits rather than payouts of sales commissions, and directs the energy of every team member to focus on, among other things, gross profits instead of market share and cost effectiveness instead of budget spend. See “Business – Our Competitive Strengths – Leading productivity and profitability through our entrepreneurial co-ownership business model and lean structure” below for further details.

As illustrated below, we have remained resilient and profitable throughout the 2000 dot-com crash, the terrorist attacks of 11 September 2001, 2003 SARS (or Severe Acute Respiratory Syndrome) crisis and the GFC. Save for 1998, we have been profitable every year since we commenced operations.

SUMMARY

Diagram 1: Our Group's revenue for the past 24 years (in S\$'million)⁽¹⁾

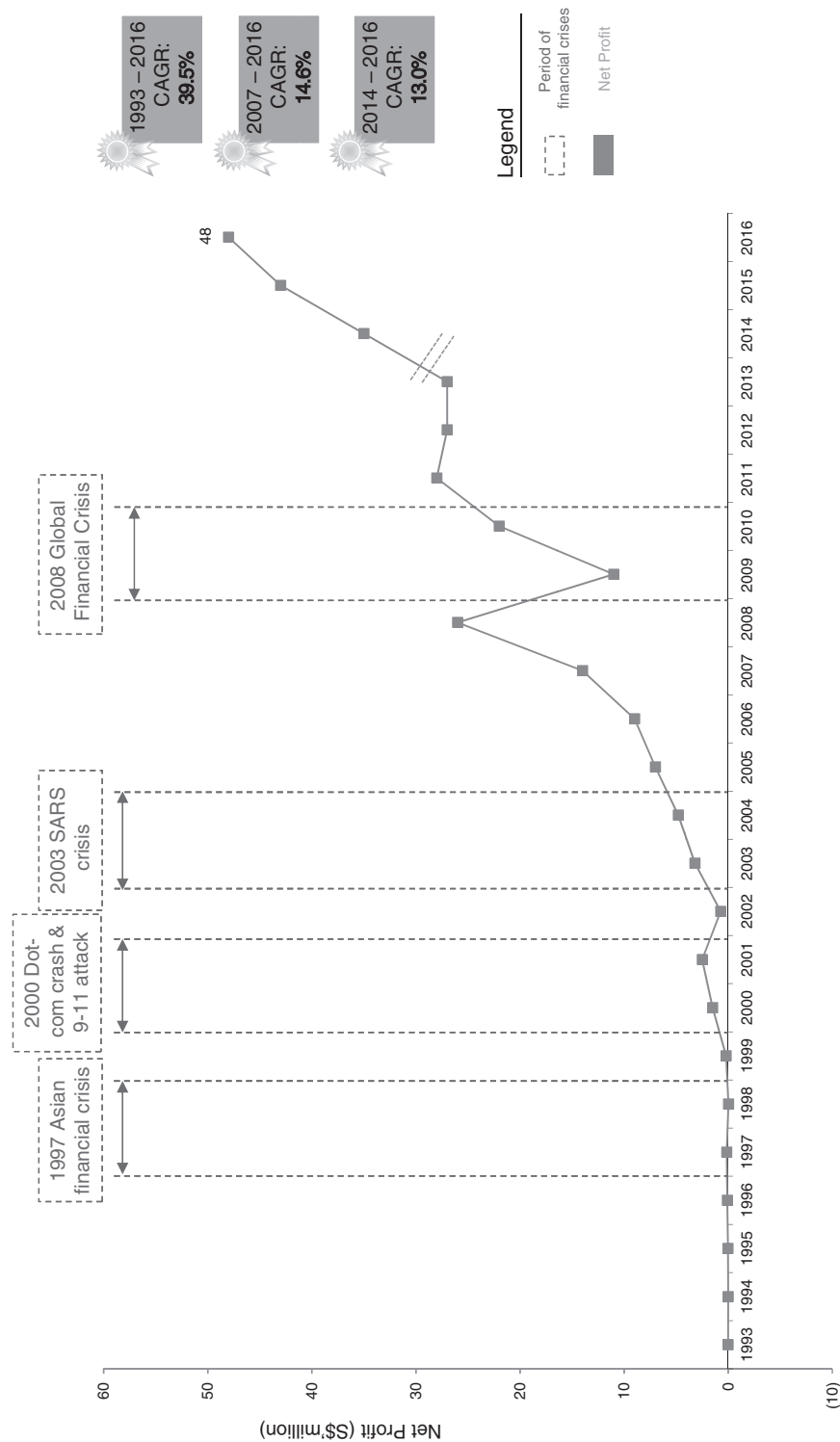


Note:

- (1) The numbers shown in the chart is an aggregation of revenues of our Group Companies with different financial year ends. For 2016, 2015 and 2014, this was prepared on the basis of the financial statements of our Group Companies for the financial year ended 31 December. For 2013 and the years preceding 2013, this was prepared on the basis of the financial statements of HRnet One and its subsidiaries which financial statements were for the financial year ended 30 June and Recruit Express and its subsidiaries which financial statements were for the financial year ended 31 March.

SUMMARY

Diagram 2: Our Group's net profit for the past 24 years (in S\$'million)⁽¹⁾



Note:

- (1) The numbers shown in the chart is an aggregation of net profits of our Group Companies with different financial year ends. For 2016, 2015 and 2014, this was prepared on the basis of the financial statements of our Group Companies for the financial year ended 31 December. For 2013 and the years preceding 2013, this was prepared on the basis of the financial statements of HRnet One and its subsidiaries which financial statements were for the financial year ended 30 June and Recruit Express and its subsidiaries which financial statements were for the financial year ended 31 March.

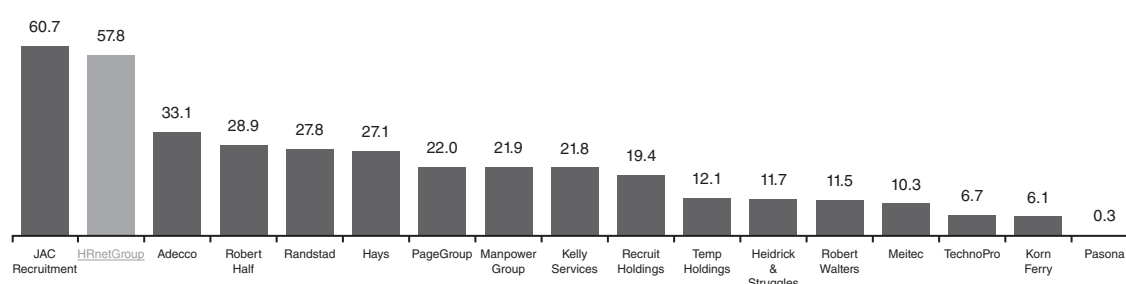
SUMMARY

Leading productivity and profitability through our entrepreneurial co-ownership business model and lean structure

Our Group has leading productivity and profitability as compared to our global and regional competitors which can be measured by the following yardsticks.

First, according to Frost & Sullivan, we have the second highest net profit per employee amongst key players within the professional recruitment and flexible staffing industry with presence in Asia Pacific, as well as the highest return per licensed consultant amongst key players in Singapore, as illustrated in the diagrams below.

**Net profit per employee of key players with presence in Asia Pacific
in FY2016 (in S\$'000)⁽¹⁾**

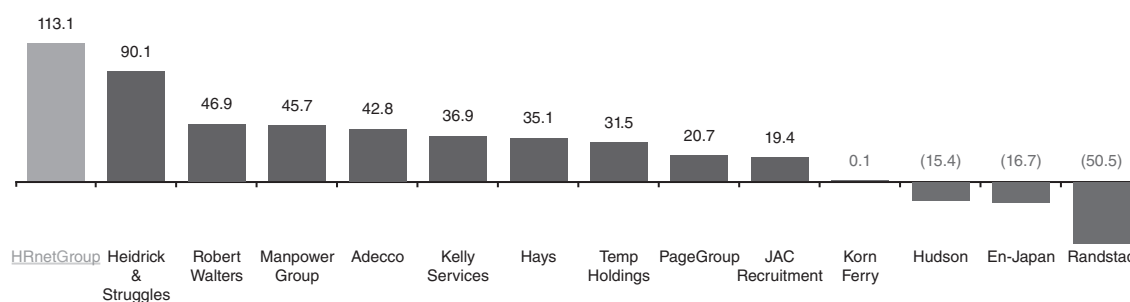


Source: Frost & Sullivan

Note:

- (1) Only includes other public listed key players within the professional recruitment and flexible staffing industry with presence in Asia Pacific that disclosed the total number of employees employed.

**Net profit before tax per licensed consultant of key players in Singapore
in FY2015 in (S\$'000)⁽¹⁾**



Source: Frost & Sullivan

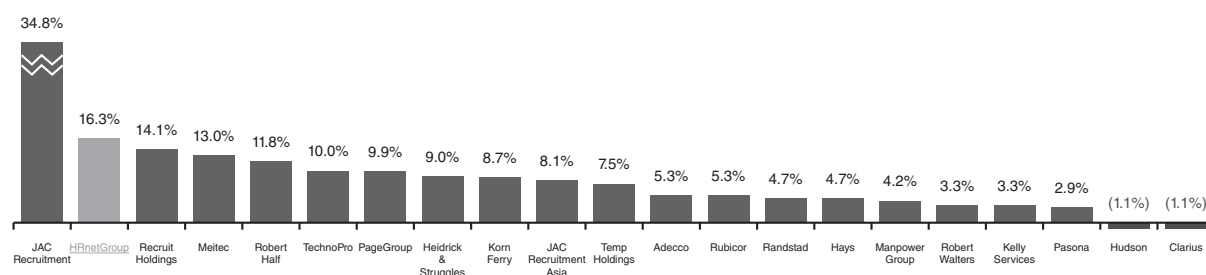
Note:

- (1) Based on net profit before tax for FY2015 and number of licensed consultants as at 31 December 2016.

SUMMARY

Second, according to Frost & Sullivan, we had an EBITDA margin of 16.3% and a net profit margin of 13.3%, which were the highest amongst key Asia Pacific (excluding Japan) players within the professional recruitment and flexible staffing industry with presence in Asia Pacific, as illustrated by the following two diagrams.

Comparison on EBITDA margin of key players with presence in Asia Pacific⁽¹⁾ (in percentage terms)

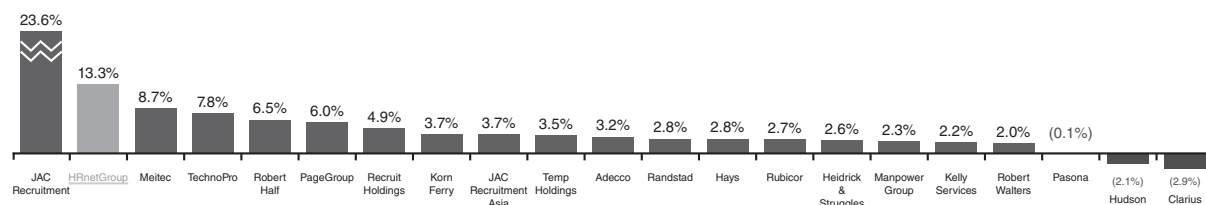


Source: Frost & Sullivan.

Note:

- (1) Based on the financial statements for the 12 months ended 31 December 2016, save for financial statements of Pasona which are for the 12 months ended 28 February 2017, the financial statements for Korn Ferry which are for the 12 months ended 31 January 2017 and the financial statements for JAC Recruitment Asia which are for the 12 months ended 31 December 2015.

Comparison on net profit margin of key players with presence in Asia Pacific⁽¹⁾ (in percentage terms)



Source: Frost & Sullivan.

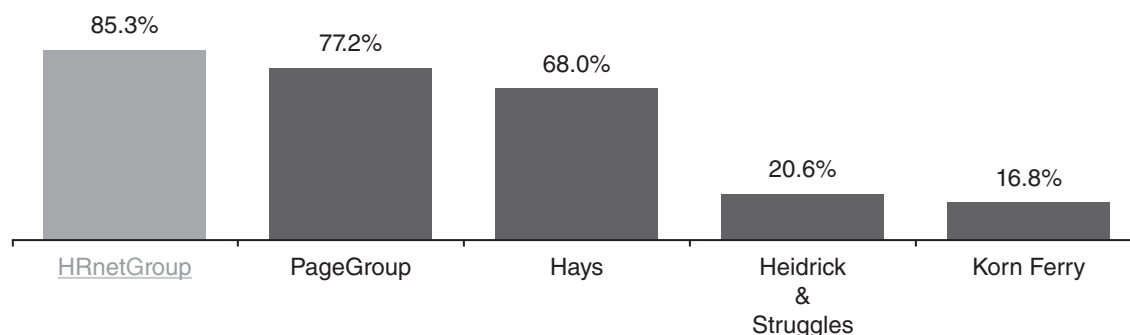
Note:

- (1) Based on the financial statements for the 12 months ended 31 December 2016, save for financial statements of Pasona which are for the 12 months ended 28 February 2017, the financial statements for Korn Ferry which are for the 12 months ended 31 January 2017 and the financial statements for JAC Recruitment Asia which are for the 12 months ended 31 December 2015.

SUMMARY

Third, according to Frost & Sullivan, we employ the highest percentage of consultants and have one of the highest efficiency ratios amongst key players within the professional recruitment and flexible staffing industry with presence in Asia Pacific, as illustrated in the diagrams below.

**Comparison on proportion of consultants to total employees⁽¹⁾
(in percentage terms)**

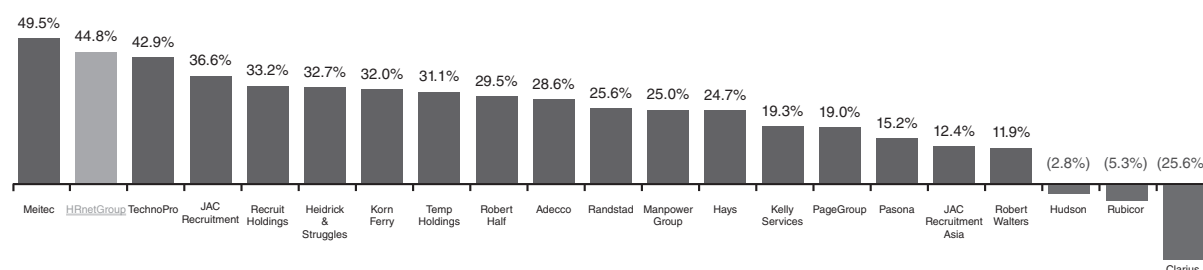


Source: Frost & Sullivan

Note:

- (1) Only includes other public listed key players within the professional recruitment and flexible staffing industry with presence in Asia Pacific that disclosed both the number of consultants and the total number of employees employed in their annual reports for financial year 2016.

**Comparison on efficiency ratio⁽¹⁾ of key players with presence in Asia Pacific⁽²⁾
(in percentage terms)**



Source: Frost & Sullivan

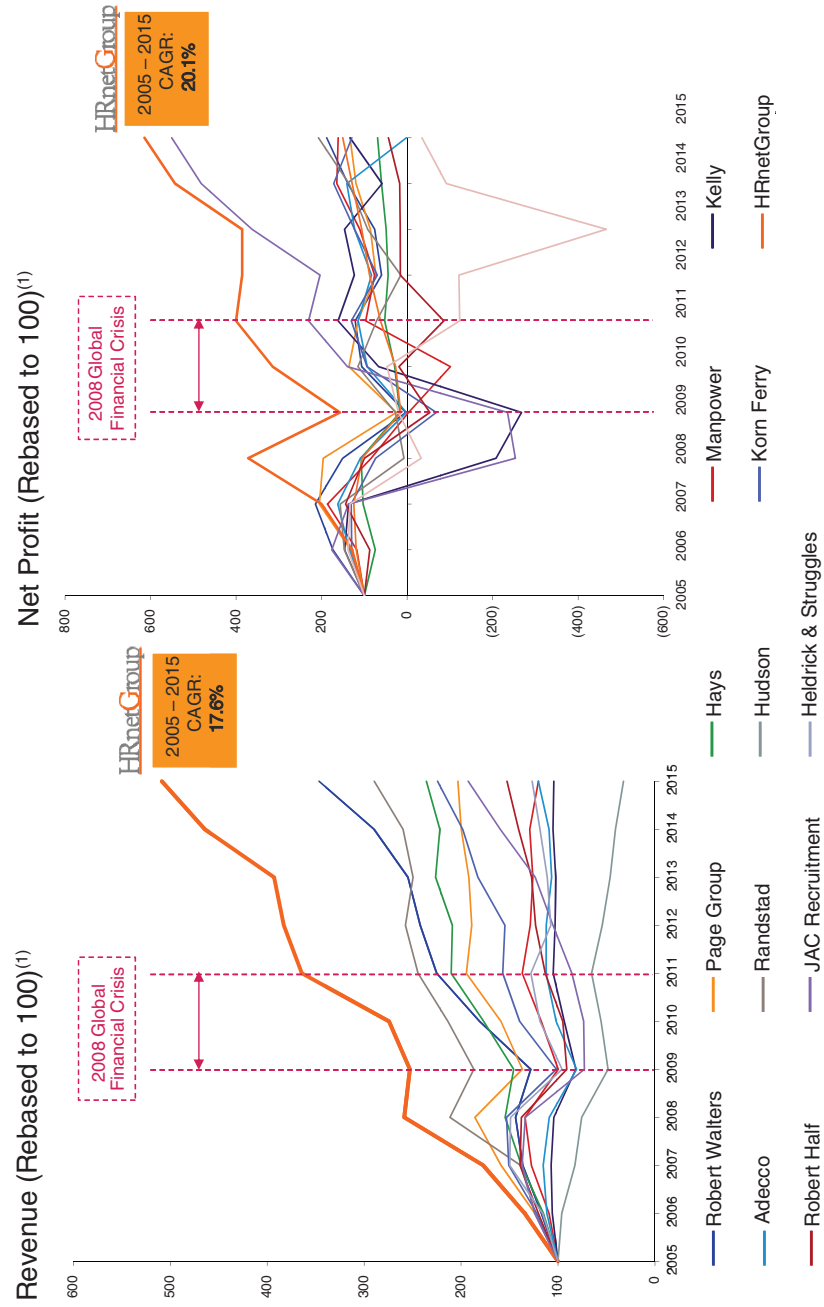
Notes:

- (1) Efficiency ratio is calculated based on EBITDA divided by gross profit.
- (2) Based on the financial statements for the 12 months ended 31 December 2016, save for financial statements of Pasona which are for the 12 months ended 28 February 2017, the financial statements for Korn Ferry which are for the 12 months ended 31 January 2017 and the financial statements for JAC Recruitment Asia which are for the 12 months ended 31 December 2015.

Further, according to Frost & Sullivan, we achieved the highest growth in revenue and net profit (indexed from 2005) compared to other public listed key players within the professional recruitment and flexible staffing industry with presence in Asia Pacific that disclosed revenue and net profit since 2005, as illustrated in Diagram 3 below.

SUMMARY

Diagram 3: Revenue and Net Profit Growth



Source: Frost & Sullivan (other than our 2005-2015 CAGR for revenue and net profit)

Note:

(1) Indexed on a calendar year basis. Based on key players with presence in Asia Pacific excluding peers with less than 10 years of operating track record, all financials on a calendar year basis.

SUMMARY

We believe we are leaders in the professional recruitment and flexible staffing industry in terms of productivity and profitability due to our entrepreneurial co-ownership business model, where many of our leaders and business pioneers have personally invested in the share capital of our subsidiaries and operated them with purpose and passion, as well as a flat and lean organisation structure where our experienced business leaders of each of our operating subsidiaries are empowered to make executive decisions and run the day-to-day operations.

Our rewards system is based on sharing of profits rather than payout of sales commissions. The emphasis on business unit profitability directs the energy of every team member to focus on:

- gross profits instead of market share and/or revenue;
- cost effectiveness instead of budget spend;
- PHC occupancy instead of physical occupancy (whereby the focus is on improving business unit productivity through a higher proportion of PHCs among employees as opposed to merely increasing the number of employees and accordingly, the amount of floor space occupied by such employees);
- business unit profitability as opposed to pure individual sales achievement;
- ratio of sales headcount relative to business support headcount;
- span of control in terms of leader to consultant ratio (whereby a higher span of control results in a higher number of consultants that a leader controls and accordingly, a flatter and leaner organisation structure);
- stringent and transparent tracking, monitoring, audit and review of operational activities;
- strong sense of accountability in terms of individual and team activities and profitability; and
- long term business sustainability through deliberate effort in quality delivery and trust building.

Please also refer to the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Our Results of Operations – Productivity of our employees” of this Prospectus for further details on the average number of PHC sales employees across our geographic segments during the periods under review.

As at the Latest Practicable Date, we have 22 88GLOW Co-Owners and 145 leaders (excluding our Executive Directors), with an average of 10 years of experience in our Group, as set out in the table below.

	Total	Average length of service (years)	Average age
Group business leaders	17	15	45
Business leaders	20	11	42
Practice leaders	108	9	36

SUMMARY

In addition, we aim to improve our net profit margin through a range of initiatives, including a process-driven methodology in business planning and tracking, metric-driven improvement in our rhythm of business activities with candidates and clients, key account management, the use of technology as an enabler and the leveraging of our Group's strengths (such as the productivity of our employees) and scale to improve our recruitment effectiveness.

We have developed an integrated framework of internal systems including (a) Integrated Executive Search (IES), a backend system which covers a myriad of services relating to clients (such as meetings and contacts), tracking of jobs, candidates (such as interviews, curricula vitae management) and billing, (b) SAP Business One for our accounting system, and (c) iHRS or Integrated Human Resources Solutions, an online platform for all HR and corporate-related modules including payroll, leave, claims, timesheet, performance management, assessment and surveys. These allow us to implement an internal tracking system to review weekly work progress, key performance indicator achievements, learnings and planning through WITS (or Weekly Intervention and Transformation Report). Through such integrated framework of internal systems, we seek to provide comprehensive tools (such as those relating to client relationship management) to our employees in order to allow them to strive to achieve the best possible results.

Growth powered by twin engines of complementary businesses

Our Group's strong growth has been powered by our twin engines of complementary businesses, namely professional recruitment and flexible staffing. While both of these businesses are different, they are highly complementary and have resulted in a synergistic and balanced business model.

First, the combination of providing temporary and permanent recruitment solutions allows us to foster deep relationships with our corporate customers as we are able to provide comprehensive recruitment and staffing solutions across junior to senior positions.

Second, our flexible staffing business provides us with a relatively stable and steady revenue stream in economic downturns as compared to our professional recruitment business, while the professional recruitment business generally performs well during periods of economic growth. This is because although there may be a general decrease in demand for human resources during an economic downturn, customers who may nonetheless require human resources tend to pursue flexible staffing services as compared to professional recruitment business in order to keep costs variable to respond to changing business needs. On the other hand, during economic growth, customers tend to increase permanent headcount in order to meet business expansion plans and needs.

Our customers may also engage us to provide both professional recruitment and flexible staffing services. In such instances, our flexible staffing business in particular helps us to retain such customers across both segments for a few reasons:

- given constant interaction with customers, our consultants would have developed an in-depth understanding of their needs which cannot easily be replicated by a new entrant; and
- it may be inconvenient for our customers to switch to another service provider for flexible staffing services. For example, it would involve them having to replace a large number of Contractor Employees within a short period of time, and migrate payroll management and other human resources systems which we currently help to manage. Also, flexible staffing services require substantial working capital requirements which smaller firms cannot provide

SUMMARY

as we are required to first fund the payroll of Contractor Employees and be paid by the customers later. Accordingly, our customers may choose to continue to engage us for our flexible staffing services, as well as engage us as the same service provider for professional recruitment services.

Highly diversified base of premium customers

Through the stable and highly-recurring nature of our business, we have developed long-term established relationships with many premium customers. As at 31 December 2016, we counted over 2,000 clients, including 104 Fortune 500 clients, as part of our client base. Our clients include Samsung Asia, Master Kong Holdings, Bundwealth, Seibu Holdings, Olympus, Fubon Bank, Gardens by the Bay and Acer.

Our customers are also highly diversified. As can be seen from the following table, for FY2016, total revenue contribution from our top five customers was 14.1% with no single customer contributing more than 5.0% of revenue, reducing dependency risk on any one customer. The total revenue contribution from our top 10 customers was 20.0%.

Top Five Customers	FY2016 Revenue Contribution	Customer Since
Asian conglomerate <i>One of the top three largest technology companies globally by revenue, Fortune 100</i>	4.2%	1999
Singapore bank <i>One of the top three largest banks in Southeast Asia by total assets</i>	3.1%	2000
Regional telecommunications provider <i>One of the top three largest telecommunications providers in Asia by total wireless subscribers, Fortune 500</i>	2.8%	1999
International bank <i>One of the top five largest banks globally by assets, Fortune 100</i>	2.5%	2000
International data networking and telecommunications equipment company <i>One of the top three largest mobile-phone producers, Fortune 500</i>	1.5%	2003
Contribution from top five customers	14.1%	
Contribution from top 10 customers	20.0%	

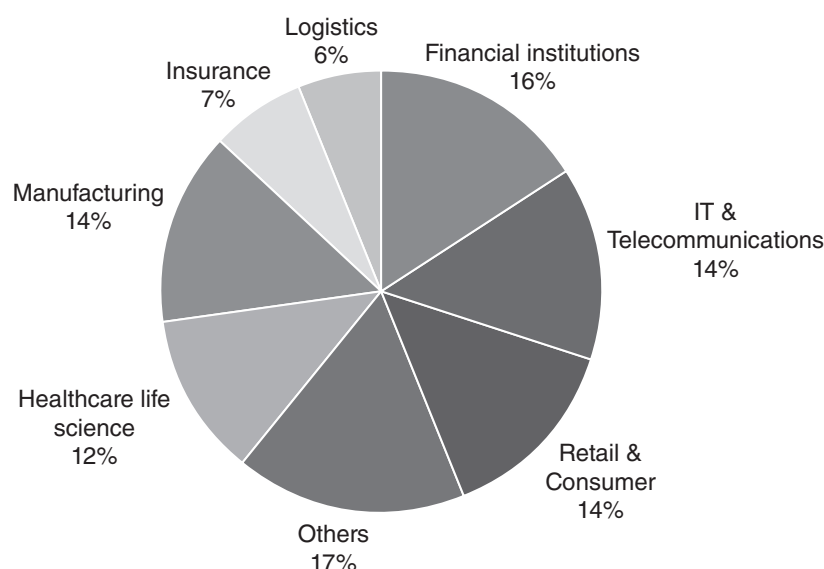
Our top five customers for FY2016 have been our customers since 2003 or earlier. We believe this is a testament to the quality of our services and ability to adapt to our customers' changing needs even as their businesses evolve.

Our client base is also diversified across various sectors with no individual sector accounting for more than 20% of our revenues during FY2016, mitigating the impact of adverse conditions affecting any single sector.

SUMMARY

The following diagram illustrates our Group's revenue from customers of different industries for FY2016.

Our Group's revenue from customers of different industries (in percentage terms)



The diversification across our customer base reduces over-dependency risk, ensures varied revenue streams, and reduces our vulnerability to sector and geography specific risks. Please also refer to the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Our Results of Operations – Job market conditions and employment growth in key sectors and geographies in which we operate” of this Prospectus for more details.

Strong cash conversion from disciplined cost management and asset-light model

We have positive net cash from operating activities as a result of our disciplined cost management and asset-light model where we do not own any properties and have minimal capital expenditure requirements. Our EBITDA had increased from S\$46.9 million in FY2014 to S\$59.5 million in FY2016, driven by growth in our revenue coupled with improvements in the productivity of our employees and operating efficiency. Our efficiency ratio (calculated based on EBITDA divided by gross profit) had also increased from 36.5% in FY2014 to 44.8% in FY2016.

As at the Latest Practicable Date, our organic growth since inception has been self-funded through cash generated by our business, without any debt financing. In each of FY2016, FY2015 and FY2014, our operating activities generated substantial cash even after adjustment for our working capital requirements and capital expenditures.

OUR STRATEGIES

Penetrate deeper into existing markets within Asia, especially North Asia

In the 10 cities across Asia where we have already established a foothold, we intend to accelerate our growth and further strengthen our position by aggressively expanding our consulting force, with a particular emphasis on North Asia. According to Frost & Sullivan, the market size of North Asia (comprising Hong Kong, Taipei, Guangzhou, Shanghai, Beijing, Tokyo and Seoul) for

SUMMARY

professional recruitment and flexible staffing for FY2016 was approximately S\$46.3 billion, as compared to S\$3.6 billion for Rest of Asia (comprising Kuala Lumpur and Bangkok) and S\$1.4 billion for Singapore. Further, Frost & Sullivan estimates the professional recruitment and flexible staffing industry revenues in the aforementioned North Asian cities to grow at a CAGR of 11.5%, as compared to a CAGR of 12.4% for Rest of Asia (comprising Kuala Lumpur and Bangkok) and a CAGR of 4.0% for Singapore, between 2016 and 2021. Accordingly, due to the relative large market size of North Asia and the expected growth in revenue for the professional recruitment and flexible staffing industry revenues in cities in North Asia, we believe North Asia will drive our next stage of growth in Asia. According to Frost & Sullivan, the recruitment markets in certain cities in North Asia, such as Hong Kong and Tokyo, are also highly fragmented, therefore presenting compelling growth opportunities for us to deepen our presence. We are strategically positioned in key growth cities in PRC, Hong Kong and Taiwan, where we believe local skill shortages are expected to drive the need for professional recruitment services. In Tokyo, we believe that we are well positioned as our selected industry expertise is expected to augur well with the future expansion of Japan. In particular, we believe our expertise in healthcare life science (which sector contributed the largest portion of our revenue in Japan for FY2016) is expected to be in demand to meet the rising workforce demand for that industry in Japan. At the same time, our specialisation in the hospitality, retail and industrial activities is poised to meet the higher workforce demand expected to arise from the Rugby World Cup and the Olympic Games to be held in Tokyo in 2019 and 2020 respectively.

According to Frost & Sullivan, tight labour market conditions and tighter policies in hiring foreigners are expected to drive the professional recruitment services industry in Singapore. We believe we will be able to take advantage of the anticipated growth in the market arising from this in reliance on our operational efficiency. We also believe we have a strategic home-ground advantage in Singapore due to the economies of scale that we enjoy in this market where we have an established presence in terms of a strong sales force, client base and market reputation as the dominant player in Singapore as well as the financial strength to operate the flexible staffing business.

We are also passionate about increasing the proportion of PHCs in our midst. We are determined that more of our units should achieve 80% PHC and beyond. Having larger teams of effective and productive people will allow us to broaden our footprint and further increase our influence and reach in the cities in which we operate.

At the same time, we aim to establish ourselves as the go-to recruiter for high-demand sector niches within the specialisations we have chosen to focus in. This will allow us to channel and direct resources on specialisations in which we already have strong domain knowledge, build on our subject matter expertise, deepen our experience, and consequently sharpen our competitive edge so as to ensure that our expansion will positively impact our overall profitability.

Expand into selective new growth markets in Asia

We will continue to discover new markets of growth and expand strategically into other growth cities with strong economic fundamentals and large labour markets within Asia. Such cities are expected to provide substantial market opportunity for us as economic growth and expansion spur demand for recruitment services. We believe our extensive experience and proven track record will position us strongly for expansion of our regional presence and to be the regional player that can best serve our customers' professional recruitment and flexible staffing needs. In doing so, we intend to leverage on our successful template for geographic expansion of operations as well as our centralised office functions to minimise the need for support personnel and to launch expansions into new cities with PHCs of existing offices.

SUMMARY

Singapore is our home market and we have spent years developing a stable and robust operating platform, a network of strong relationships and a strong reputation, beginning with Singapore and expanding through the various geographies in which we operate. Through coordinated efforts, we have leveraged our strong relationships with MNCs with regional corporate headquarters in the various cities in which we operate, to generate business opportunities. The growth of our geographical footprint has been inextricably linked with that of our customers, and we fully intend to continue partnering our customers as they expand into new growth markets in Asia.

There are also new customers to win as we strengthen and deepen our roots in cities that we operate in. As we cultivate effective and productive local talents, we are better placed to increase our engagement with local and regional customers. We target to serve a good mix of international MNC customers, domestic and regional customers as our business units mature.

Opportunistically seek out strategic acquisitions and partnerships

In addition to organic growth, we will also opportunistically seek out strategic acquisitions and partnerships to further entrench ourselves in existing markets or to enter into new ones. This will enable us to improve existing or acquire new capabilities and expertise to quickly gain scale and profit leadership, especially in highly competitive cities.

For market entry, we could acquire or partner with existing players in our targeted city. This is particularly useful for easing teething issues associated with expanding into new cities with substantial logistical and regulatory requirements and will also serve as established platforms for expansion within new cities. This strategy will jumpstart our entry into these cities and allow us to focus on achieving scale and profitability in a much faster, effective and more cost efficient manner.

Even for existing cities where we have operations, we would explore acquisitions or partnerships that are complementary to our existing business units. For example, there could be competitors with stronger localised knowledge, deeper experience and track record, or expertise in specific specialisations that we could work with to significantly build up market share and profitability in a shorter period of time. One of our near term targets is to build our presence in cities with large enough labour markets, including cities in China and Japan. Acquiring or partnering an existing player in the flexible staffing business segment would be highly complementary to our successful professional recruitment business in those markets.

We have adopted a disciplined and systematic framework to carry out potential acquisitions. To identify potential acquisition targets, we have been cultivating business relationships and strengthening the trust that the industry players have in us through face-to-face meetings and interactions with industry players. We have also engaged market research consultants to provide key data on financial, headcount and business performance of potential acquisition targets within cities in which we operate.

We strive to be highly disciplined and selective in our acquisitions and partnerships. We intend to pursue targets or partners which have the following characteristics:

- the acquisition target's flexible staffing business have at least 1,000 contractors in one location, with presence in a first tier city in China or Japan;

SUMMARY

- the acquisition target's professional recruitment business have at least 30 consultants in one location, with presence in first tier Asian growth cities or in cities which our Group has a presence in; and
- the acquisition target is earnings-accretive so as to be able to contribute to our earnings and its return on capital invested should be above the industry average.

For acquisition targets which are smaller in size than our Group (taking into account factors such as revenue, sales consultant headcount, gross profit and net profit), we intend to acquire a majority stake in such acquisition target and to require that the existing management invest in the business as minority shareholders and co-own the business with us. For acquisition targets that are similar or larger in size than our Group (taking into account factors such as revenue, sales consultant headcount, gross profit and net profit), we intend to acquire a shareholding interest of at least 20% in such acquisition target and to collaborate with such acquisition target in mutual areas of interest, such as by way of cross-investment.

Once a target is acquired, we aim to preserve brands and existing operations that have served such targets well, and will provide our Group's infrastructure, systems and processes as set out below for the selective adoption by such acquisition targets according to their needs and work culture:

- *Leading practices* – comprising business leadership, operational leadership and people leadership;
- *Cultural conditioning* – comprising values of discipline, diligence, integrity and to promote a sales culture;
- *IT platform* – comprising our Integrated Executive Search (IES) system, Integrated Human Resources Solutions and SAP Business One systems;
- *HR services* – comprising our profit sharing mechanism, performance management system and recognition and awards system;
- *Finance systems and processes* – comprising processes for tracking of business activities, review and action items as well as business partnering; and
- *Compliance and internal controls* – comprising support for regulatory compliance, legal and internal controls.

Investors should note that the foregoing statements as to our acquisition strategy are merely statements of our present intention and our plans may be subject to modification in our Directors' discretion.

SUMMARY

Enhance market and profit leadership through our co-ownership model and programmes

We are committed to investing in and rewarding our co-owners and building on our co-ownership model, and have therefore developed the 123GROW and 88GLOW co-ownership programmes. The 123GROW Plan will allow up to 404 employees, as at the Latest Practicable Date, to become shareholders of our Company by participating in the 123GROW Plan. Such employees (also referred to as 123GROW Co-Owners), by subscribing for, and receiving, Shares pursuant to the 123GROW Plan would accordingly, share in our future profitability as shareholders of our Company. In addition, the 88GLOW Plan will also serve to motivate existing 88GLOW Co-Owners to grow their business units and inspire them to become and continue to be PHCs. We believe that co-owners work faster, nimbler and more tenaciously, which gives us a key edge over our competitors. We also believe that such co-ownership programmes will be a strong driving force towards even higher productivity as the probability of co-owners interacting and engaging with candidates and clients with a strong sense of ownership is increased. We believe that our co-ownership model, as embodied by the 123GROW and 88GLOW co-ownership programmes, will enable us to effectively align employees' interests with the interests of our Group to sustain market share and profit leadership in the cities that we operate in. Please see the sections entitled "123GROW Plan" and "Corporate Reorganisation and Corporate Structure – Corporate Reorganisation" of this Prospectus for further details on such co-ownership programmes.

SUMMARY OF THE OFFERING

OUR COMPANY

Our Company was incorporated on 21 September 2016 as a private company limited by shares under the Companies Act, under the name of “HRnetGroup Pte. Ltd.”, and was subsequently converted to a public company limited by shares and renamed “HRnetGroup Limited” on 16 May 2017.

OUR CONTACT DETAILS

Our registered address and principal place of business is 391A Orchard Road #23-06, Ngee Ann City Tower A, Singapore 238873. Our telephone number is +65 6738 6188. We do not maintain a facsimile number. Our company registration number is 201625854G. Our website address is www.hrnetgroup.com. Information contained in our website does not constitute part of this Prospectus and should not be relied on.

SUMMARY OF THE OFFERING

The Issuer : HRnetGroup Limited

The Offering : 89,482,000 Shares offered by our Company for subscription through the Placement and the Public Offer (subject to the Over-allotment Option).

The Offering Shares have not been and will not be registered under the US Securities Act and, subject to certain exceptions, may not be offered or sold within the US. The Offering Shares under the Placement are being offered and sold outside of the US in compliance with Regulation S under the US Securities Act and other applicable laws.

Offering Price : S\$0.90 for each Offering Share.

The Placement : 85,682,000 Placement Shares offered by way of a placement to investors, including institutional and other investors in Singapore, outside the US in compliance with Regulation S under the US Securities Act and other applicable laws.

The Public Offer : 3,800,000 Public Offer Shares offered to the public in Singapore for subscription at the Offering Price.

Reserved Shares : 440,800 Offering Shares out of the 3,800,000 Public Offer Shares have been reserved for directors and employees of our Company and our subsidiaries who have contributed to our success to be determined by us at our sole discretion. The Reserved Shares will be offered on the same terms as the other Offering Shares. In the event that any of such Reserved Shares are not fully taken up, they will be made available to satisfy over-subscription (if any) for the Offering Shares in the Placement and/or the Public Offer.

SUMMARY OF THE OFFERING

Application for Public Offer Shares under the Public Offer : Investors applying for Offering Shares under the Offering must follow the application procedures set out in Appendix G of this Prospectus.

Applications must be paid for in Singapore dollars in integral multiples of 100 Offering Shares subject to a minimum application for 1,000 Offering Shares.

Cornerstone Investors : At the same time as but separate from the Offering, the Cornerstone Investors have entered into Cornerstone Subscription Agreements with our Company to subscribe, in aggregate, for 103,922,900 new Shares at the Offering Price, conditional upon, amongst others, the Underwriting Agreement having been entered into and not having been terminated pursuant to its terms on or prior to the Listing Date.

Clawback and Reallocation : The Offering Shares may be re-allocated (i) between the Placement and the Public Offer and (ii) from the Reserved Shares to the Public Offer, by the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters in the event of excess applications in one and a deficit of applications in the other.

Over-allotment Option : In connection with the Offering, we have granted the Joint Bookrunners and Underwriters the Over-allotment Option, exercisable by the Stabilising Manager (or any of its affiliates or other persons acting on its behalf), in consultation with the other Joint Bookrunners and Underwriters, in full or in part, on one or more occasions, during the period commencing on the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) has bought on the SGX-ST an aggregate of 11,100,000 Shares, representing not more than 12.4% of the total number of Offering Shares in undertaking stabilising actions, to subscribe for up to an aggregate of 11,100,000 Shares (representing 12.4% of the total number of Offering Shares) at the Offering Price, solely to cover the over-allotment of Offering Shares, if any. If the Over-allotment Option is exercised in full, the total number of issued Shares immediately after the completion of the Offering will be 1,022,506,872 Shares (assuming the completion of the issue of (i) 34,617,200 GLOW Initial Shares, (ii) an aggregate of 13,687,400 Opp 1 Investment Shares, Opp 1 Loyalty Shares, Opp 2 Investment Shares and Opp 2 Buy-in Shares and (iii) 1,962,701 Top-up Issuance Shares).

Unless we indicate otherwise, all information in this Prospectus assumes that the Stabilising Manager does not exercise the Over-allotment Option.

SUMMARY OF THE OFFERING

Stabilisation : In connection with the Offering, the Stabilising Manager (or any of its affiliates or other persons acting on its behalf), may over-allot Shares or effect transactions that stabilise or maintain the market price of our Shares at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder.

Such transactions, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the Listing Date or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) has bought on the SGX-ST an aggregate of 11,100,000 Shares, representing not more than 12.4% of the Offering, in undertaking stabilising actions.

Lock-ups : Each of SIMCO Ltd, SIMCO Global Ltd., Credit Suisse Trust Limited (being the trustee of the SIMCO Trust), Peter Sim, Nelly Sim, JS Sim, Adeline Sim, Aviel Sim, Christine Sim and Joshua Sim has agreed to a lock-up arrangement with the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters for the period commencing from the date of the Underwriting Agreement until the date falling six months after the Listing Date (the “**Lock-Up Period**”).

Vanda 1 has agreed to a lock-up arrangement with the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters in respect of 3,030,704 of its Shares for the Lock-up Period.

Our Company has also agreed with the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters not to, amongst other things, allot, offer, issue, sell, contract to issue, grant an option, warrant or other right to subscribe or purchase, any Shares, and the making of any announcements in connection with any of the foregoing transactions, during the Lock-Up Period. The foregoing does not apply to the issue of the Offering Shares, the Additional Shares, the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares and the Top-up Issuance Shares.

See the section entitled “Plan of Distribution – Lock-up Arrangements” of this Prospectus for further details.

The Cornerstone Investors are not subject to any lock-up restrictions in respect of their shareholdings.

SUMMARY OF THE OFFERING

Certain of the employees to be issued the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares and the Opp 2 Buy-in Shares are subject to lock-up restrictions in respect of certain of their shareholdings. See the sections entitled “Corporate Reorganisation and Corporate Structure – Corporate Reorganisation” and “123GROW Plan” of this Prospectus for further information on the lock-up arrangements under the 88GLOW Plan and the 123GROW Plan.

Use of Proceeds : We intend to use the net proceeds due to us from the Offering and from the issue of the Cornerstone Shares for business expansion and/or potential opportunistic acquisitions.

If the Over-allotment Option is exercised, we intend to use the additional net proceeds for business expansion and/or potential opportunistic acquisitions.

For more details on the application of the net proceeds due to us, see the section entitled “Use of Proceeds” of this Prospectus.

Listing and Trading : Our Shares will be quoted in SGD on the Main Board of the SGX-ST, subject to, amongst other things, the admission of our Company to the Official List of the SGX-ST and permission for dealing in and for quotation of our Shares being granted by the SGX-ST and the Authority not issuing a Stop Order.

We expect the Shares to commence trading on a “ready” basis at 9.00 am on 16 June 2017 (Singapore time). See the section entitled “Indicative Timetable” of this Prospectus for more information.

The Shares will, upon listing and quotation on the SGX-ST, be traded on the SGX-ST under the book-entry (scripless) settlement system of CDP. Dealing in and quotation of the Shares on the SGX-ST will be in Singapore dollars. The Shares will be traded in board lot sizes of 100 Shares on the SGX-ST.

Settlement : Our Company expects to receive payment for all the Offering Shares in the Placement and the Public Offer on or about 16 June 2017. We will deliver the global share certificates representing the Offering Shares to CDP for deposit into the Securities Accounts of successful applicants on or about 16 June 2017.

Risk Factors : Investing in our Shares involves risks which are set out in the section entitled “Risk Factors” of this Prospectus.

INDICATIVE TIMETABLE

INDICATIVE TIMETABLE FOR LISTING

The indicative timetable for the Offering and trading in our Shares is set out below for your reference:

Indicative date/time	Event
8 June 2017, 8.00 p.m.	Opening date and time of the Public Offer
14 June 2017, 12.00 noon	Closing date and time of the Public Offer
15 June 2017	Balloting of applications, if necessary (in the event of an over-subscription for the Public Offer Shares) Commence returning or refunding of application monies to unsuccessful or partially successful applicants
16 June 2017, 9.00 a.m.	Commence trading on a “ready” basis
21 June 2017	Settlement date for all trades done on a “ready” basis

The above timetable is indicative only and is subject to change at our discretion, with the agreement of the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters. It assumes that the date of closing for the Public Offer will be 14 June 2017, the date of admission of our Company to the Official List of the SGX-ST will be 16 June 2017, the SGX-ST’s shareholding spread requirement will be complied with and the Offering Shares will be issued and fully paid-up prior to 16 June 2017. All dates and times referred to above are Singapore dates and times.

The above timetable and procedure may be subject to such modifications as the SGX-ST may, in its discretion, decide, including the decision to permit trading on a “ready” basis and the commencement date of such trading.

We may, at our discretion, with the agreement of the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters, subject to all applicable laws and regulations and the rules of the SGX-ST, agree to extend or shorten the period during which the Offering is open, provided that such period shall not be shorter than two Market Days.

In the event of any changes in the closure of the Public Offer or the time period during which the Public Offer is open, we will publicly announce the same:

- (a) through a SGXNET announcement to be posted on the SGX-ST’s website at <http://www.sgx.com>; and
- (b) in one or more major Singapore newspapers such as The Straits Times, The Business Times and Lianhe Zaobao.

Results of the Public Offer including the allotment of the Offering Shares and balloting (in the event of an over-subscription for the Public Offer Shares) will be provided through the channels in (a) and (b) above.

INDICATIVE TIMETABLE

Investors should consult the SGX-ST announcement on the “ready” listing date on the Internet (at the SGX-ST’s website at <http://www.sgx.com>) or the newspapers, or check with their brokers on the date on which trading on a “ready” basis will commence.

We reserve the right to reject or accept, in whole or in part, or to scale down or ballot any application for the Offering Shares, without assigning any reason therefore, and no enquiry and/or correspondence on our decision will be entertained. In deciding the basis of allocation, our Company, in consultation with the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters, will give due consideration to the desirability of allocating the Offering Shares to a reasonable number of applicants with a view to establishing an adequate market for the Offering Shares.

In respect of an unsuccessful application made under the Public Offer, the full amount of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, within 24 hours after the balloting of applications (provided that such refunds are made in accordance with the procedures set forth in “Appendix G – Terms, Conditions and Procedures for Application and Acceptance of the Offering Shares in Singapore”).

In respect of an application made under the Public Offer, where any such application is accepted in part only, any balance of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, within 14 Market Days after the close of the Public Offer (provided that such refunds are made in accordance with the procedures set forth in “Appendix G – Terms, Conditions and Procedures for Application and Acceptance of the Offering Shares in Singapore”).

Applications and acceptances under the Placement will be determined by the Sole Issue Manager, Joint Global Coordinators, Joint Bookrunners and Underwriters in consultation with us.

Where the Offering does not proceed for any reason, the full amount of application monies received will be returned (without interest or any share of revenue or other benefit arising therefrom) within three Market Days after the Offering is discontinued to the applicant, at his own risk (provided that such refunds are made in accordance with the procedures set forth in “Appendix G – Terms, Conditions and Procedures for Application and Acceptance of the Offering Shares in Singapore”).

SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION

The following selected combined financial information should be read in conjunction with the full text of this Prospectus, including the section entitled “Management’s Discussion and Analysis of Results of Financial Condition and Results of Operations” of this Prospectus, and the section entitled “Independent Auditor’s Report and the Combined Financial Statements for the Financial Years ended 31 December 2014, 2015 and 2016” as set out in Appendix A of this Prospectus.

Combined Statements of Profit or Loss

	Year ended 31 December		
	2016	2015	2014
	S\$'000	S\$'000	S\$'000
	(audited)	(audited)	(audited)
Revenue	365,043	356,014	324,452
Sub-contractor expenses	(232,266)	(224,818)	(195,836)
Gross profit	132,777	131,196	128,616
Other income	12,072	10,167	5,019
Other employee benefit expenses	(67,592)	(71,130)	(69,349)
Facilities and depreciation expenses	(10,535)	(10,719)	(10,857)
Selling expenses	(3,879)	(4,084)	(3,858)
Other expenses	(3,556)	(3,317)	(3,656)
Profit before income tax	59,287	52,113	45,915
Income tax expense	(10,853)	(8,767)	(7,949)
Profit for the year	48,434	43,346	37,966
Profit attributable to:			
Owners of our Company ⁽¹⁾	41,085	38,183	33,351
Non-controlling interests ⁽¹⁾	7,349	5,163	4,615
	48,434	43,346	37,966
Basic and diluted EPS (cents) ⁽²⁾	5.35	4.97	4.34
Adjusted EPS (cents) ⁽³⁾	5.02	4.67	4.08
Further adjusted EPS (cents) ⁽⁴⁾	4.06	3.78	3.30
Other Financial Data			
EBITDA ⁽⁵⁾	59,545	52,724	46,883
EBITDA margin ⁽⁶⁾	16.3%	14.8%	14.4%
Efficiency ratio ⁽⁷⁾	44.8%	40.2%	36.5%

SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION

Notes:

- (1) Assuming our Company issued the maximum number of GLOW Initial Shares and completed the Initial Acquisition pursuant to the 88GLOW Plan on 1 January 2016, our profit attributable to owners of our Company for FY2016 would be increased to S\$45.4 million, while our profit attributable to non-controlling interests for FY2016 would be decreased to S\$3.1 million. Please refer to the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Recent Developments” of this Prospectus for further details.
- (2) Basic and diluted EPS have been computed based on the pre-Offering share capital of 767,734,671 Shares.
- (3) Adjusted EPS have been computed based on the pre-Offering share capital of 818,001,972 Shares as adjusted for the issue of the maximum number of the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares and the Top-up Issuance Shares.
- (4) Further adjusted EPS have been computed based on the post-Offering share capital of 1,011,406,872 Shares (assuming the Over-allotment Option is not exercised).
- (5) EBITDA is a supplemental financial measure of our performance and liquidity and are not required by, or presented in accordance with, SFRS or generally accepted accounting principles in certain other countries, including the United States. Furthermore, EBITDA is not a measure of financial performance or liquidity under SFRS or any other generally accepted accounting principles and should not be considered as alternatives to profit or any other performance measures derived in accordance with SFRS or any other generally accepted accounting principles. You should not consider EBITDA in isolation from, or a substitute for, analysis of our financial condition or results of operations, as reported under SFRS. Further, EBITDA may not reflect all of our financial and operating results and requirements. In particular, EBITDA does not reflect our needs for capital expenditures, or additional capital that may be required to replace assets that are fully depreciated or amortised.

Set forth below is a reconciliation of our profit for the year to EBITDA:

	Year ended 31 December		
	2016	2015	2014
	(S\$'000)	(S\$'000)	(S\$'000)
Profit for the year	48,434	43,346	37,966
ADD: Depreciation and amortisation	822	1,304	1,510
ADD: Income tax expense	10,853	8,767	7,949
LESS: Interest income	(564)	(693)	(542)
EBITDA	59,545	52,724	46,883

- (6) EBITDA margin is a non-SFRS financial measure and is calculated by dividing EBITDA by revenue.
- (7) Efficiency ratio is calculated by dividing EBITDA by gross profit.

SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION

Combined Statements of Financial Position

	As at 31 December		
	2016	2015	2014
	S\$'000	S\$'000	S\$'000
	(audited)	(audited)	(audited)
ASSETS			
Current assets			
Cash and cash equivalents	106,092	120,803	123,574
Trade receivables	65,848	61,055	60,654
Other receivables and prepayments	4,185	3,872	3,755
Marketable securities	598	2,368	1,672
Total current assets	176,723	188,098	189,655
Non-current assets			
Pledged fixed deposits	140	243	242
Plant and equipment	725	825	1,103
Intangible assets	230	187	208
Deferred tax assets	441	465	437
Total non-current assets	1,536	1,720	1,990
Total assets	178,259	189,818	191,645
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables	5,698	5,260	4,741
Other payables and accruals ⁽¹⁾	63,098	41,963	36,390
Income tax payable	12,249	6,271	5,741
Total current liabilities	81,045	53,494	46,872
Non-current liability			
Deferred tax liabilities	9	9	4
Total liabilities	81,054	53,503	46,876
Net assets	97,205	136,315	144,769
Capital and reserves			
Share capital	48,524	3,550	3,550
Equity reserve	(25,476)	(143)	(143)
Translation reserve	(2,298)	(2,833)	(3,398)
Retained earnings	63,151	117,090	126,132
Equity attributable to owners of our Company ⁽²⁾	83,901	117,664	126,141
Non-controlling interests ⁽²⁾	13,304	18,651	18,628
Total equity	97,205	136,315	144,769
Total equity and liabilities	178,259	189,818	191,645

Note:

- (1) The increase in the other payables and accruals from FY2015 to FY2016 was principally due to an increase in dividends payable, from S\$67,000 in FY2015 to S\$18,608,000 in FY2016, for dividends declared by our Company to existing shareholders prior to Listing.
- (2) Assuming our Company issued the maximum number of the GLOW Initial Shares and completed the Initial Acquisition pursuant to the 88GLOW Plan on 31 December 2016, our equity attributable to owners of our Company as at 31 December 2016 would be increased to S\$91.1 million and our non-controlling interests as at 31 December 2016 would be decreased to S\$6.1 million.

SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION

Combined Statements of Cash Flows

	Year ended 31 December		
	2016	2015	2014
	S\$'000	S\$'000	S\$'000
	(audited)	(audited)	(audited)
Net cash from operating activities	53,432	49,560	40,192
Net cash from (used in) investing activities	832	(768)	(1,563)
Net cash used in financing activities	(69,487)	(52,522)	(21,603)
Net (decrease) increase in cash and cash equivalents	(15,223)	(3,730)	17,026
Cash and cash equivalents at beginning of the year	120,803	123,574	106,330
Effects of foreign exchange rate changes	512	959	218
Cash and cash equivalents at end of the year . . .	<u>106,092</u>	<u>120,803</u>	<u>123,574</u>

RISK FACTORS

Prospective investors should carefully consider and evaluate each of the following risk factors (which are not intended to be exhaustive) and all other information set forth in this Prospectus before deciding to invest in the Offering Shares. Some of the following risk factors relate principally to the industry in which our Group operates and the business of our Group in general. Other risk factors relate principally to general, social, economic, political and regulatory conditions, the securities market and ownership of our Shares, including possible future sales of our Shares.

If any of the following risks and uncertainties develops into actual events, our business, financial condition, results of operations and prospects could be materially and adversely affected. In such cases, the price of our Shares could decline due to any of these risks and uncertainties and you may lose all or part of your investment in our Shares.

RISKS RELATING TO OUR INDUSTRY, BUSINESS AND OPERATIONS

Our business could be affected by fluctuations in general economic activity

Demand for recruitment services could be affected by the general level of commercial activity and economic conditions in the regions and sectors in which we operate. Economic downturns could be caused by a variety of reasons beyond our control, such as adverse political and socio-economic changes, and geopolitical issues. An economic downturn in a region or sector in which we operate may adversely affect our business operations in that region or sector due to a general decrease in the demand of human resources as may be required by our clients, as the use of temporary employees may decrease or fewer permanent employees may be hired. We may also experience more competitive pricing pressure during periods of economic downturn.

We face competition in our industry that may affect our financial performance

Our business has relatively low barriers of entry for new entrants as it does not involve a highly skilled workforce and for professional recruitment, it is also relatively easy for customers to switch to our competitors as the services differentiation may be low. As such, the overall recruitment sector is highly competitive and fragmented in nature, and we face price cutting pressure from both existing competitors and new entrants.

There is no assurance that we will be able to continue competing successfully against our present and future competitors. Increased competition may cause us to lose market share or force us to lower our prices. If we are unable to compete effectively with existing or new competitors in the future, particularly, in light of the changing and competitive market environment, it may materially and adversely affect our business, financial performance and financial condition.

We are subject to laws, regulations and policies imposed by various government and regulatory authorities which may affect the operations and/or scope of our business

Our business operations are subject to various laws and regulations in Singapore and other jurisdictions where we have business operations. Please refer to the sections entitled “Business – Licences, Permits and Approvals” and “Government Regulations” of this Prospectus for more details. Compliance with these laws and regulations can be burdensome and impose limitations on our business and operations, for instance, in terms of the types of employees we can hire, the scope of activities we are able to carry out, the wages and benefits we are required to pay our employees and contract staff, among many others. Failure to comply with such laws and regulations related, but not limited, to wages, employment terms and benefits, franchising, placement of candidates, qualifications of consultants, licences may result in fines and penalties

RISK FACTORS

against us or our officers and employees, result in the cessation of business, or may otherwise have a material adverse effect on our business, financial condition, results of operations and prospects. Further, any changes in the laws, regulations or policies, or the interpretation thereof, in the jurisdictions where we operate affecting the industry in which we operate, such as privacy regulations and foreign ownership restrictions, may limit our ability to source for candidates, or result in the prohibition or restriction of certain types of employment services we are permitted to offer, or the imposition of new or additional licensing or tax requirements that could reduce our revenues and earnings. This in turn may have a negative effect on our business, financial condition, results of operations and prospects.

Compliance with any changes in existing or new government laws, regulations or policies may also increase our costs and any significant increase in compliance costs arising from such amended or new government laws, regulations or policies may adversely affect our business, financial condition, results of operations and prospects if we are unable to pass on the increased costs to our customers. In addition, we cannot assure you that we would be able to comply with the requirements of any new laws, regulations and policies. Any failure to comply with any new laws or regulations may result in fines or penalties against us or our officers and employees, result in the cessation of the affected business, or may otherwise have a material adverse effect on our business, financial condition, results of operations and prospects.

Some of our subsidiaries and former subsidiaries may have been non-compliant with certain licensing requirements and the Taiwan branches of some of our subsidiaries had in the past operated their businesses without the appropriate licences

As we have operated in many countries through many entities over an extended period of time while we were privately owned, and our business historically has been subject to many licensing and regulatory requirements, some of our subsidiaries and former subsidiaries may have been engaged in business activities without the necessary licences. For instance, the Taiwan branches of our subsidiaries have been penalised in the past for operating without an appropriate employment agency licence in breach of the relevant regulations in Taiwan and our Directors (namely, Peter Sim and JS Sim), our other officers and our employees (namely, Lorencz Tay and Madeline Wan) have from time to time been the directors or the officers or employees concerned with the management or conduct of the affairs, of the foregoing Taiwan branches of our subsidiaries which were subjected to penalties. See the section entitled “General and Statutory Information – Material Background Information” of this Prospectus for further information. We cannot assure you that we, our Directors, our other officers and our employees will not be penalised for past violations for failing to hold the requisite licences, or for failing to comply with applicable laws and regulations. In such event, the relevant government authorities may take action against us, our Directors, our other officers and/or our employees responsible for the breach, including issuing warnings, issuing demerit points, imposing penalties (including fines and/or term of imprisonment, where applicable). We also cannot assure you that any such penalties will not have a material adverse effect on our business, financial condition, results of operations and prospects.

We may be subject to regulatory sanctions

Our business is subject to extensive government regulations and we may be found to be in breach of any condition of applicable licence(s) or any provision of any law, regulation, code of practice, standard of compliance or other regulatory requirement or guideline. In such event, the relevant government authorities may take action against us, our Directors, our other officers and/or our employees responsible for the breach, including issuing warnings, issuing demerit points, imposing penalties (including fines and/or term of imprisonment, where applicable), suspending

RISK FACTORS

the licence (or part thereof), reducing the duration of the licence or imposing additional conditions and/or restrictions on the licence, and/or cancelling the licence (in whole or in part). For example, we have in the past been the subject of regulatory sanctions in Singapore and Taiwan. In Singapore, Recruit Express has been previously sentenced to a fine of S\$500 on two separate charges under the Employment Act for having a provision in the terms of the contract of service stipulating a length of notice to be given by the employer to the employee of an intention to terminate the contract of service, that was different from the length of a similar termination notice from the employee to the employer. In addition, the MOM has previously issued to Recruit Express, advisory letters in relation to, among other things, failure to comply with the relevant regulations in Singapore such as failure to insert its employment agency licence number on all forms of advertisements of Recruit Express. The MOM has previously also informed Recruit Express Services (Singapore) that (a) it had violated the Employment Act for, among other things, failing to provide its employees with paid annual leave and paid sick leave, and to reimburse its employees their medical consultation fees and (b) certain of its recruitment advertisements were non-compliant with the Tripartite Guidelines on Fair Employment Practices. The Tripartite Alliance for Fair and Progressive Employment Practices has also previously informed RecruitFirst that a recruitment advertisement which it posted was considered to be non-adherent to the Tripartite Guidelines on Fair Employment Practices. Recruit Express was awarded one demerit point for infringement of the Employment Agencies Act for failure to insert its employment agency licence number on all forms of advertisements for Recruit Express. As at the Latest Practicable Date, such demerit point had been cleared and the Group does not have any outstanding demerit points awarded by the MOM. See “General and Statutory Information – Material Background Information” of this Prospectus for further information.

There can be no guarantee that regulatory sanctions against our Group will not occur in the future, and the occurrence of any of these events may result in our business, financial condition, results of operations and prospects being adversely affected.

We may be involved in legal, regulatory and other proceedings arising out of our operations, and may incur costs arising therefrom and may be affected by negative publicity which may have an adverse impact on our reputation and goodwill

From time to time we are, and in the future may continue to be, involved in disputes with various parties in the course of our business including customers, suppliers, employees and ex-employees, and Contractor Employees and ex-Contractor Employees. Such disputes may involve various matters such as business disputes, employment matters and regulatory compliance. In particular, from time to time, we have been the subject of complaints and claims made by our ex-employees or ex-Contractor Employees in relation to, for instance, salary in lieu of notice, short payment and non-payment of salary, notice period and other employment terms, benefits and practices. These disputes may lead to legal or other proceedings and may result in costs, negative publicity, and the diversion of resources and management’s attention regardless of the outcome. Any negative publicity arising from disputes with any person, including our customers, suppliers, employees and ex-employees, and Contractor Employees and ex-Contractor Employees against our business, our Company, our subsidiaries, our Directors, our Executive Officers or our Substantial Shareholders, whether founded or unfounded, may tarnish our reputation and goodwill with our customers and suppliers. Such negative publicity or announcements may also include, amongst others, our involvement in litigation or regulatory investigations, or unfavourable third party research reports on us. We cannot assure you that attempts to resolve any outstanding disputes with such parties would not be protracted or that similar claims would not be asserted. If we were to fail to win these disputes, we may incur losses and face liabilities. Further, even if we were to win these disputes, we may incur costs in mounting our defence.

RISK FACTORS

Responding to disputes and/or negative publicity arising from any of the above circumstances, regardless of their ultimate outcomes and notwithstanding that they may be baseless, frivolous or vexatious, can divert the time and effort of our management from our business. Claims and complaints that assert some form of wrongdoing, regardless of the factual basis for the assertions being made, may further result in negative publicity, lawsuits, or investigations by regulators. Any unfavourable decisions by regulators may result in regulatory sanctions against us and/or our Directors, our Executive Officers and other person(s) responsible for the breach, including the imposition of fines and/or term of imprisonment, where applicable.

Further, we cannot assure you that the public perception of our business and our brands would not be materially affected in the event of such disputes or that we will be successful in defending such claims. Any negative impact on our reputation could materially and adversely affect our business, financial condition, results of operations and prospects.

We may not be able to maintain and/or obtain approvals and licences from the relevant government authorities necessary to carry out or expand our business or to cope with future regulatory requirements

We require certain licences to conduct our business. Please refer to the section entitled “Business – Licences, Permits and Approvals” of this Prospectus for more details of the licences and permits we hold. These licences are subject to periodic renewal by the relevant government authorities, and the standards of compliance required may change. We are subject to the supervision of these authorities, each of which may be empowered to revoke or refuse to grant and/or to extend our licences. While we have obtained all necessary certificates required for our business operations as at the Latest Practicable Date, we cannot assure you that we will be able to obtain or renew all necessary licences or permits in the future.

If any of the activities carried out by us fail to meet the requirements of prevailing rules or regulations and we are held liable or responsible, or if we fail to obtain the grant or renewal of the required licences, we may have to cease such activities in the relevant jurisdictions. Penalties may also be imposed upon us. These can materially and adversely affect our business, financial condition, results of operations and prospects.

We may not continue to receive government credit schemes and grants

Our operating costs are partially defrayed by various government credit schemes and grants in Singapore, such as the Wage Credit Scheme (“WCS”), the Special Employment Credit Scheme (“SEC”), and the Temporary Employment Credit Scheme (“TEC”). In aggregate, government grants and subsidies amounted to S\$11.4 million, S\$8.1 million and S\$4.4 million for FY2016, FY2015 and FY2014 respectively.

The WCS was initially introduced in the Singapore Budget 2013 as a three year scheme under which the Singapore Government would co-fund 40% of wage increases given to Singaporean employees earning a gross monthly wage of up to S\$4,000 from 2013 to 2015. In the Singapore Budget 2015, it was announced that the WCS would be extended for two years (that is, for 2016 and 2017) with a reduced level of co-funding at 20% instead of 40%, to give employers more time to adjust to rising wages in the tight labour market.

The SEC was first introduced as an initiative in the Singapore Budget 2011 to encourage employers to attract and keep older workers. In the Singapore Budget 2016, the Singapore Government extended the SEC for three years from 1 January 2017 to 31 December 2019 to provide wage offsets to employers hiring Singaporean workers aged 55 and above, and earning

RISK FACTORS

up to S\$4,000. In the Singapore Budget 2017, the Singapore Government implemented an additional SEC for the period from 1 July 2017 to 31 December 2019 whereby employers will receive wage offsets of up to 3.0% for workers who earn under S\$4,000 per month, and who are not covered by the new re-employment age of 67 years old (which new re-employment age will take effect from 1 July 2017).

Under the TEC, employers receive an offset of wages for Singaporean and Singapore Permanent Resident workers from 2015 to 2017. The offset of wages is set at 1.0% of wages up to the CPF salary ceiling of S\$5,000 in 2015, 1.0% of wages up to the CPF salary ceiling of S\$6,000 in 2016 and to 0.5% of wages up to the CPF salary ceiling of S\$6,000 in 2017.

In the event that we do not receive alternative grants that offset the loss of the subsidies provided by the WCS, the SEC and the TEC, our financial results may be adversely affected. Please see the sections entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Government Regulations” of this Prospectus for more details.

We propose to utilise all of the net proceeds from the Offering and the issue of the Cornerstone Shares and the Additional Shares to undertake business expansion and/or potential opportunistic acquisitions for which targets for acquisition have not been identified

We propose to utilise all of the net proceeds from the Offering and the issue of the Cornerstone Shares and the Additional Shares towards business expansion and/or potential opportunistic acquisitions. However, as at the Latest Practicable Date, we have not entered into any contractually binding arrangements or agreements for any acquisitions. It is possible that we may not identify suitable acquisition candidates, or that if we do identify suitable candidates, we may not complete those transactions on terms commercially acceptable to us or at all. The inability to identify suitable acquisition targets or investments or the inability to complete such transactions may adversely affect our growth prospects.

We may fail to manage our growth efficiently and this may adversely affect our prospects

As set out in the section entitled “Business – Our Strategies” of this Prospectus, we intend to further advance our growth in Asian growth cities by, amongst other things, expansion of our operations, mergers and acquisitions, joint ventures and/or partnerships. Such future plans are based on current intentions and assumptions.

Our expansion plan may be hindered by factors beyond our control, such as general market conditions, the government policies relevant to our industry, our ability to maintain our existing competitive advantages and new market entrants. For example, there may be ownership restrictions in new jurisdictions where we intend to expand into. In order for our Group to operate a human resources services company in these jurisdictions, we may be required to identify suitable local partners in order to enter into such new markets.

Furthermore, the successful implementation of mergers and acquisitions, joint ventures and partnerships depends on a range of factors, including funding arrangements, cultural compatibility and integration and may be subject to capital investment and human resources constraints. The acquisitions and investments that we may make, or joint ventures and partnerships that we may enter into, may expose us to business, operational and other risks that are different from those that we have experienced historically, including but not limited to any over-valuation of the entities to be acquired; the risk that the full benefits anticipated to result from the acquisition will not be realised; the inability to effectively integrate and manage the operations, services, products and

RISK FACTORS

personnel of acquired businesses; the risk of entering markets in which we may have no or limited prior experience, dealing with new counterparties; and exposure to unknown liabilities and unforeseen increased expenses or delays.

In the event that we encounter any issues arising from the execution of our expansion plans that may have a material impact on our operations and financial condition, and if we are unable to successfully implement our growth strategy, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We lease property for our offices and there is no certainty that we will be able to lease new property or renew existing leases on terms acceptable to us or at all

Our Group leases properties for use as offices in all the cities in which we operate. Operating lease expenses form a significant component of our total operating expenses. For FY2016, FY2015 and FY2014, rental costs accounted for 9.8%, 9.2% and 9.4% of our total operating costs respectively.

Failure to renew or early termination of any of our existing leases may also force us to relocate the affected operations. Relocations will cause disruptions to our normal business operations and we may have to incur additional relocation expenses. Moreover, if we are unable to relocate our offices in a timely manner to strategic locations with favourable rates, our business, financial condition, results of operations, cash flows and prospects may be materially and adversely affected.

We may face general risks associated with doing business outside Singapore

There are risks which are inherent in doing business overseas, such as unexpected changes in legislation, regulatory requirements and government policies, economic downturns, difficulties in staffing and managing foreign operations, social and political instability, controls and fluctuation in currency exchange and interest rates, potentially adverse tax consequences, legal uncertainty regarding liability, tariffs and other trade barriers, investment restrictions, variable and unexpected changes in local laws and barriers to the repatriation of capital or profits, any of which could affect our overseas operations and, consequently, our business, results of operations, financial condition and prospects.

Currently, besides Singapore, we have an overseas business presence in Hong Kong, Japan, Malaysia, the PRC, South Korea, Thailand and Taiwan. We may also expand into other countries in which we presently do not have a business presence. Our business and future growth in these countries are dependent on the economic, political, legal, regulatory, social and other conditions in these countries. We have no control and can provide no assurance over such conditions and developments and any such changes that are detrimental to our business could adversely affect our operations, financial performance and future growth in these countries.

Labour activism and unrest, or failure to maintain satisfactory labour relations may adversely affect our results of operations

Laws permitting the formation of labour unions, combined with weak economic conditions, may result in labour unrest and activism. These labour laws and regulations may make it more difficult to maintain flexible labour policies in such jurisdictions in which our Group undertakes our business which is labour intensive. Any significant dispute, unrest, activism or action that our

RISK FACTORS

Group may experience or failure of our Group to maintain satisfactory labour relations with our employees could have a material adverse effect on our Group's business, financial condition, results of operations and prospects.

Our historical financial and operating results are not indicative of our future performance

Our revenue, operating expenses and results of operations may vary from period to period and from year to year in response to a variety of factors beyond our control, including general business and economic conditions, employment rates and labour force participation rates. For example, although we have remained resilient and profitable throughout the 2000 dot-com crash, the terrorist attacks of 11 September 2001, 2003 SARS (or Severe Acute Respiratory Syndrome) crisis, and the GFC (please refer to "Business – Our Competitive Strengths – Strong growth and profitability since inception" for more information), there can be no assurance that our Company will be able to remain resilient and profitable, or that profits will grow at the same rate as in the past, in the event of any terrorist attack, financial crisis or other factors which may happen in the future. Owing to these factors, amongst others, we believe that year-to-year or even period-to-period comparisons of our historical results of operations may not be indicative of our future performance and undue reliance should not be placed on these comparisons to predict our future financial performance or the future performance of our Shares.

We are exposed to fluctuations in foreign exchange rates

Our financial statements contained in this Prospectus and our future financial statements will be prepared in SGD, while our operating currencies comprise, amongst others, SGD, HKD, JPY, MYR, CNY, KRW, THB and TWD. To the extent that our revenue stream and our costs are not naturally matched in the same currency, we will be exposed to any adverse fluctuation of foreign currencies against SGD. Overall net foreign exchange gain or loss will be determined by the extent of the impact on our revenue and total purchases as well as translations of foreign currency monetary assets and liabilities as at the end of the reporting period arising from the fluctuation of foreign currencies against the SGD.

We have not encountered any issues arising from fluctuations in foreign exchange rates that have had a material impact on our operations and financial condition. However, fluctuations in exchange rates may materially and adversely affect our business, net assets, financial condition and results of operations.

As at the Latest Practicable Date, we have not entered into any hedging transactions to reduce our exposure to foreign currency exchange risks. In future, we may hedge our material foreign currency translations after taking into consideration the quantum and impact of our foreign exchange risk exposure as well as the transaction costs of any hedging policy, and the prevailing economic and operating conditions. In any event, the availability and effectiveness of these hedges may be limited and we may not be able to hedge our exposure successfully, or at all.

We may be unable to adequately protect our intellectual property which could reduce our competitiveness and harm our brands and our business

We believe our trademarks and other intellectual property rights have value to us. For further details, please refer to the section entitled "Business – Brand and Intellectual Property" of this Prospectus. Although we rely on applicable laws to protect our intellectual property rights, these measures may not be sufficient to prevent misappropriation of our intellectual property rights. There is no assurance that third parties will not infringe on our intellectual property rights.

RISK FACTORS

Our efforts to enforce or defend our intellectual property rights may not be adequate, may require significant attention from our management and may be costly. We may have to initiate legal proceedings to defend the ownership of our trademarks or brands against any infringement by third parties, which may be costly and time-consuming, and we might be required to devote substantial management time and resources in an attempt to achieve a favourable outcome. Furthermore, the outcome of any legal actions to protect our intellectual property rights may be uncertain. If we are unable to adequately protect or safeguard our intellectual property rights, our ability to be commercially competitive may be materially impaired and our business, financial condition, results of operations and prospects may be adversely affected.

In addition, in practice, other parties may register trademarks which may look similar to our trademarks under certain circumstances, which may cause confusion among customers. We may not be successful in registering our trademarks and/or preventing other parties from using trademarks that are similar to ours or we may consider that the costs and time involved in preventing such use of similar trademarks outweigh the effects of preventive actions on our part and in such circumstances, our customers may confuse our businesses with others using similar trademarks.

Our insurance coverage may not be adequate for certain contingencies and this may have a material adverse effect on our business, financial condition and results of operation

We maintain insurance coverage for key risks relating to our business. However, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. For example, our insurers may dispute our claim for any liability or loss or default on our claims under such insurance policies. Any such dispute may in turn result in a delay in the payment of insurance proceeds.

In addition, not all risks associated with our operations may be insurable, on commercially reasonable terms or at all. Although we believe that we have obtained insurance coverage customary for our business as at the Latest Practicable Date, such insurance may not provide adequate coverage in certain circumstances and is subject to certain deductibles, exclusions and limits on coverage. To the extent that we suffer loss or damage that is not covered by insurance or exceeds our insurance coverage, our results of operations and cash flow may be adversely affected.

We may also be liable for the amount of shortfall of damages claimed against our Group, which could materially and adversely affect our financial performance and financial position. Our insurance premiums may also increase substantially because of such claims. In such circumstances, our financial results may be materially and adversely affected.

Natural disasters in the future or occurrence of any other event for which we are not adequately or sufficiently insured may cause significant disruption to our operations that could have a material adverse impact on our business and operations. The occurrence of an event for which we are not adequately or sufficiently insured could have an adverse effect on our business, results of operations, financial condition and cash flows. If we are subject to litigation or claims or our operations are interrupted for a sustained period, we cannot assure you that our insurance policies will be adequate to cover the losses that may be incurred as a result of such interruption.

RISK FACTORS

Our IT systems may not perform as anticipated and are vulnerable to damage and interruption

The efficient operation of our business is dependent on our IT (including software, computer and network) systems, which are directly related to the stability and performance of our recruitment services and assist us in managing our databases and workflow. Our IT systems may experience functional problems. If our IT systems become unstable, they may cause poor connectivity in the computer software application and affect the operating performance of our computer software. Our IT systems are also vulnerable to damage or interruption from power outages, computer and telecommunications failures, hacker attacks, computer viruses, security breaches, and errors in usage by our employees. Failure of our IT systems to perform may require significant additional capital and management resources to resolve, causing material harm to our business. We may also be required to expend significant resources to guard against the threat of such security breaches or to mitigate problems caused by such breaches. The failure of our IT systems to perform for a prolonged period could also disrupt our business and could result in decreased revenue and increased overhead costs, causing our business and results of operations to suffer materially. The above problems may also reduce the level of satisfaction of our customers and result in negative customer relations.

Certain parts of our work and processes and demand for human labour may risk being replaced by, or, as the case may be, disrupted by new technologies that may emerge

New technologies may emerge and have the effect of replacing, or as the case may be, have a disruptive effect on certain parts of our work and processes. For example, artificial intelligence (“AI”) is increasingly becoming an accepted and important technology and AI-driven systems can rapidly process large amounts of data and execute transactions on a large scale, enabling decision-making capabilities that are generally not otherwise feasible or economical. As the cost of computational power decreases, AI-driven systems may render certain parts of our work and processes obsolete and ineffective, and effectively replace human labour. If we are unable to effectively reallocate our resources to other work and processes in our Group, this could have an adverse effect on our Group’s business, financial condition, results of operations and prospects.

Further new technologies may emerge and result in automation which may have the effect of replacing human labour. Accordingly, our customers may require less human resources as a result of such automation. If demand for our services from our customers is reduced due to the decrease in the demand for human labour, this could have an adverse effect on our Group’s business, financial condition, results of operations and prospects.

We could be implicated and our reputation may be damaged by the improper disclosure, leakage or misappropriation of sensitive or personal information

Our business operations require us to process and retain information pertaining to our candidates, customers and suppliers, as well as routinely transmit personal, confidential and proprietary information, over public networks. We have established policies and procedures to help protect the security and privacy of such information. However, it is possible that our security controls over personal and other information and the other practices we follow may not prevent the improper access to, or disclosure of, personally identifiable or otherwise confidential information. Further, although we have employed appropriate measures by relying on our own technology and systems and those of third party vendors to protect against unauthorised access of such personal, confidential and proprietary information, our current security measures may not be adequate. Any party who can circumvent our security systems may be able to steal or misuse such information and/or disrupt our operations.

RISK FACTORS

Currently, a significant number of potential candidates maintain personal information on our databases by registering their curricula vitae (“CVs”) with us. Even though we adopt internal protocols and provide comprehensive training for our employees, there could be a risk that we may not be able to prevent certain non-compliant employees from sending out the CVs of our candidates without the candidate’s formal approval. Accordingly, we may receive complaints from these candidates in the event of such incidents.

Further our business operations involve access by our employees to clients’ confidential information, and our employees are required to securely handle and transmit confidential information about our clients. There can be no assurance that in the future we will not be subject to claims relating to abuse of confidential information by our employees or proceedings related to intentional or unintentional exposure of our clients’ confidential information.

Failure to establish adequate safeguards to protect the personal data or confidential information in our possession against accidental or unlawful loss or modification, unauthorised access, use or similar risks may result in security breaches or material non-compliance with third party security requirements. Such events may expose us to the imposition of fines or regulatory action, such as those regulated under the Personal Data Protection Act, a risk of loss or litigation and potential liability for failing to secure confidential customer or supplier information. These events may also harm our reputation and subject us to liability under our contracts with our customers and suppliers. In the event that we are unable to assure the security of such personal data in our possession, our business, reputation and financial results may be adversely affected.

Our business and financial results will be affected if we are unable to attract new customers or our existing customers do not renew their contracts

Our success and profitability today is a result of our ability to retain and form deeper relationships with existing customers, as well as acquire new customers. Our existing customers have no obligation to renew their contracts. If we are unable to continue to retain and acquire new customers due to our inability to adapt to changing business conditions, or if our existing or new customers do not perceive our services to be of sufficiently high value and quality, our business, financial performance and financial condition may be materially and adversely affected.

We may be unable to obtain future financing on favourable terms, or at all, to fund expected capital expenditure, potential opportunistic acquisitions and working capital requirements

We may at some stage in the future require funding for capital expenditure, potential opportunistic acquisitions or working capital requirements. The actual amount and timing of future financing may depend on several factors, among others, new business opportunities, opportunities for inorganic growth, regulatory changes, economic conditions, technological changes and market developments. Our sources of additional funding, if required, may include the incurrence of debt or the issue of equity or debt securities or a combination of both. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and this could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations.

Similarly, our working capital requirements may increase due to various factors including growth in our businesses and longer payment schedules from our customers. In case there are insufficient cash flows to meet our working capital requirements or we are unable to arrange the same from other sources or there is delay in disbursement of arranged funds, it may adversely affect our operations and profitability. These factors may result in us having to raise short-term borrowings. If there is any increase in the interest rates for such borrowings, it may adversely

RISK FACTORS

affect our operations and profitability. A disproportionate increase in our working capital requirements may result in us incurring borrowing costs, which may have an adverse effect on our financial condition and results of operations.

Further, our ability to arrange for additional funds on acceptable terms is subject to a variety of uncertainties, including future results of operations, financial condition and cash flows; economic, political conditions and market demand for our services; costs of financing, liquidity and overall condition of financial and capital markets in Singapore and internationally; receipt of applicable business licences, approvals and other risks associated with our businesses; and limitations on our ability to raise capital in capital markets and conditions of the Singapore and other capital markets. Any such inability could have a material adverse effect on our business and results of operations.

Our business depends substantially on the continuing efforts of our management and other personnel

Our success to date has been largely attributable to the efforts of our management team and other personnel (including PHCs), and our future success substantially depends upon their continued services. If some of our management or personnel are unable or unwilling to continue in their present positions, we might not be able to replace them easily. Competition for talent in our industry is intense, and we may not be able to retain our management and other personnel or attract and retain new management or other personnel in the future. We cannot assure you that the departure and transition of management or other personnel will not cause disruption to our operations or customer relationships, or materially impact our results of operations and financial performance. Furthermore, if any of our management or other personnel were to join a competitor or form a competing company, we may lose customers, suppliers, expertise, and other professionals and staff members.

Our inability to source for suitable candidates who meet the requirements of our customers may adversely affect our reputation, business prospects and future financial performance

Our business depends on our ability to source for suitable candidates who possess the skills and/or experience necessary to meet the requirements of our customers. Our business operations and financial performance may be adversely affected if we are unable to source for suitable candidates for our customers.

In addition, we must continually evaluate and upgrade our database of available qualified candidates to keep pace with changing customers' needs and emerging technologies. Competition for individuals with proven professional skills and experience is intense, and qualified candidates may not be available to us in sufficient numbers and on terms of employment acceptable to us, as qualified personnel can seek employment through multiple sources. We may not be able to effectively meet the expectations of our customers due to our failure to identify candidates with the requisite skills, experience or other attributes, which could materially and adversely affect our business.

Due to the nature of our business, we may be exposed to claims and losses that could have a material adverse effect on our business and reputation

We rely on the disclosures and declarations by our candidates and our ability to independently confirm the aspects of their career history and performance may be limited to verbal representations of the referees whose contact details are provided by our candidates. Our inability to perform independent background verification procedures fully could result in insufficient vetting

RISK FACTORS

of our candidates and Contractor Employees, which could in turn result in an adverse effect on our reputation, results of operations and business prospects in the event that their performance and behaviour turn out to be different from what was represented at the time of hiring.

In addition, we employ and assign some of our Contractor Employees to the workplaces of our corporate customers. Our ability to control the workplace environment in such circumstances is limited, and the risks associated with these activities, *inter alia*, include possible claims relating to actions or inactions of our candidates, including matters for which we may have to indemnify our customers; discrimination and harassment (including claims relating to actions of our customers); violations of employment rights related to employment screening or privacy issues; violation of health and safety regulations; retroactive entitlement to employee benefits and other similar employment claims; and failure to comply with leave policy requirements.

We are also subject to potential risks relating to misuse of our customers' proprietary information, misappropriation of funds, death or injury to our Contractor Employees, damage to the customer's facilities due to negligence of our Contractor Employees, criminal activity or torts and other similar claims. We may incur fines and other losses or negative publicity with respect to these claims. In addition, these claims may give rise to litigation, which could be time-consuming and may incur significant costs. While such claims have not historically had a material adverse effect upon our Group, there can be no assurance that the corporate policies we have in place to help reduce our exposure to these risks will be effective or that we will not experience losses as a result of these risks. There can also be no assurance that the insurance policies we have purchased to insure against certain risks will be adequate or that insurance coverage will remain available on reasonable terms or be sufficient in amount or scope of coverage.

Terrorist attacks, armed conflicts and increased hostilities, or natural disasters, could adversely affect our physical offices and our financial performance

Terrorist attacks, armed conflicts, increased hostilities and other acts of violence or war around the world, or natural disasters (including earthquakes, typhoons and tsunamis), may adversely affect the regional and global financial markets. These events could also directly impact the offices where we conduct business. We also operate in city centres with high population density which are often the target of terrorist attacks. There can be no guarantee that such events will not occur in the future, and the occurrence of any of these events may result in a loss of business confidence or result in disruptions to our business operations, both of which may materially and adversely affect our business, financial performance and financial condition.

Any outbreak of communicable disease in Singapore or cities in which we operate, including but not limited to severe acute respiratory syndrome, Zika and swine influenza, could have an adverse effect on our business

Any outbreak of communicable disease in Singapore or cities in which we operate could have a material and adverse effect on our business. If any of our employees are affected by any communicable disease outbreaks, we may be required to temporarily shut down our offices and to prohibit our employees from going to work to circumvent the spread of the disease. If such events occur, we may take a longer time and/or fail to deliver our solutions and services. Failure to meet our customers' expectations can damage our reputation and may lead to loss of business and may affect our ability to attract new customers which in turn may adversely affect our prospects, business, operations and financial results.

RISK FACTORS

RISKS RELATING TO OWNERSHIP OF OUR SHARES

SIMCO Ltd is our direct Controlling Shareholder. This enables it to exercise significant control over us

Assuming the completion of the issue of the maximum number of the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares and the Top-up Issuance Shares, immediately upon closing of the Offering and the issue of the Cornerstone Shares, SIMCO Ltd will still have a controlling shareholding in our Company, holding 74.15% of the voting rights (assuming the Over-allotment Option is not exercised). Through this shareholding, it will be in a position, irrespective of the voting behaviour of other Shareholders, to exercise considerable influence over all major decisions and developments of our Company, including the election of our Board and any Shareholders' action requiring a majority vote. Such concentration of ownership and management may also have the effect of delaying, preventing or deterring a change in control of our Group or otherwise discouraging a potential acquirer from attempting to obtain control of us.

Our Shares may not be a suitable investment for all investors

Each prospective investor in the Shares must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Shares, our Company, the merits and risks of investing in the Shares and the information contained or incorporated by reference in this Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Shares and the effect the Shares will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Shares, including where the currency of the Shares is different from the prospective investor's currency;
- understand thoroughly the terms of the Shares; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

Public trading in our Shares might not develop. The Offering may not result in an active or liquid market on the SGX-ST for our Shares

We have received an eligibility-to-list letter from the SGX-ST to have our Shares listed and quoted on the SGX-ST. Listing and quotation does not, however, guarantee that liquid trading in our Shares will develop after the Offering or that its price will not fall below the Offering Price. The Offering Price for the Offering Shares was determined by way of a book-building procedure and will not necessarily provide any indication of the price at which they will subsequently be traded on the SGX-ST. We cannot predict the extent of investors' interest in our Shares, or that such interest will foster trading, in particular, if investors' interest in our Shares in the course of the Offering will be substantially less than envisaged. Although we currently intend that our Shares will remain listed on the SGX-ST, there is no guarantee of the continued listing of our Shares on the

RISK FACTORS

SGX-ST. If our Shares are suspended from quotation on, or removed from trading on the SGX-ST, you will not be able to trade your Shares on the same and there is no assurance that you will be entitled to compensation or an exit offer, or should you be so entitled, that you will receive realisation for your investments that you would have been able to obtain through trading your Shares on the SGX-ST.

Investors in our Shares would face immediate and substantial dilution in NAV per Share and may experience future dilution

Our Offering Price is higher than our Group's NAV per Share of (a) 10.9 cents as at 31 December 2016; and (b) 26.9 cents as at 31 December 2016 (adjusted for the effects of the completion of the issue of the maximum number of the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares and the Top-up Issuance Shares and further adjusted for the effects of the issue of Offering Shares and the Cornerstone Shares). The percentage dilution in pro forma NAV per Share to our new investors is 70.1%. Thus, there is an immediate and substantial dilution in the NAV per Share for investors who purchase our Shares. If we were liquidated for NAV immediately following the Offering, the issue of the Cornerstone Shares, the GLOW Initial Shares, the Opp Plans Shares and the Top-up Issuance Shares, each Shareholder subscribing to the Offering would receive less than the price they paid for their Shares. Please refer to the section entitled "Dilution" of this Prospectus for more information.

In addition, assuming the completion of the issue of the maximum number of the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares and the Top-up Issuance Shares, following the Offering and the issue of the Cornerstone Shares, GLOW Additional Shares may be issued pursuant to our 88GLOW Plan and new Shares may be issued pursuant to our HRnet GROW Plan, resulting in further dilution to investors participating in the Offering. Please refer to the sections entitled "Corporate Reorganisation and Corporate Structure – Corporate Reorganisation", "123GROW Plan" and Appendix D of this Prospectus for details of the 88GLOW Plan and the HRnet GROW Plan.

Future sales or issues of a substantial number of our Shares may depress the market price of our Shares. Future capitalisation measures could lead to substantial dilution of existing Shareholders' interests in our Company

Sales of substantial amounts of our Shares in the public market following the Offering or the perception that these sales could occur, could cause the market value of our Shares to decline. These sales could also make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we consider appropriate.

In addition to the above, our issue of additional equity securities or securities with rights to convert into equity could potentially reduce the market price of our Shares and would dilute the economic and voting rights of existing Shareholders if made without granting subscription rights to these Shareholders. In particular, assuming the completion of the issue of the maximum number of the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares and the Top-up Issuance Shares, following the Offering and the issue of the Cornerstone Shares, GLOW Additional Shares may be issued pursuant to our 88GLOW Plan and new Shares may be issued pursuant to our HRnet GROW Plan, resulting in further dilution to investors participating in the Offering. Please refer to the sections entitled "Dilution", "Corporate Reorganisation and Corporate Structure – Corporate Reorganisation", "123GROW Plan", "Share Capital and Shareholders – Changes in Issued and

RISK FACTORS

Paid-up Share Capital of Our Company and Our Subsidiaries” and Appendix D of this Prospectus for details of the 88GLOW Plan and the HRnet GROW Plan and the dilution impact on the Shares resulting from the 88GLOW Plan and the 123GROW Plan (including the HRnet GROW Plan).

We cannot assure you that our Shareholders will not sell a substantial number of their Shares following the expiry of their respective moratoriums. A sale of a substantial number of these Shares or the perception that these sales could occur could cause the market value of our Shares to decline.

Our Share price may fluctuate following the Offering

After the Offering, the price of our Shares could fluctuate significantly and rapidly in response to, amongst other things, the following factors, some of which are beyond our control:

- changes in conditions affecting our industry, general economic and stock market conditions, stock market sentiments or other events or factors;
- variations in our operating results;
- changes in securities analysts’ recommendations, perceptions or estimates of our financial performance;
- changes in market valuations and share prices of companies with similar businesses to our Company;
- the general volatility of stock exchange prices;
- announcements by our competitors or us of gain or loss of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- additions or departures of key personnel;
- fluctuations in stock price and trading volume;
- involvements in litigation or arbitration;
- success or failure of our management team in implementing business and growth strategies; and
- negative publicity involving our Company, any of our Directors, Executive Officers or Substantial Shareholders, whether or not it is justified.

Grants of Opp 1 Bonus Shares and Opp 2 Bonus Shares under our Opp 1 Plan and Opp 2 Plan as well as GROW Award Shares under our HRnet GROW Plan may result in a charge to our profit or loss account and, to that extent, reduce our profits

As at the date of this Prospectus, awards in respect of 6,843,700 Opp 1 Bonus Shares and Opp 2 Bonus Shares have been granted under our Opp 1 Plan and Opp 2 Plan, while no awards in respect of GROW Award Shares have been granted under our HRnet GROW Plan.

RISK FACTORS

Under SFRS, the grant of Opp 1 Bonus Shares, Opp 2 Bonus Shares and GROW Award Shares results in a charge to our Company's profit or loss account equal to fair value of the shares at the relevant date of grant, adjusted to take into account the terms and conditions upon which the shares were granted. In addition to the impact on the profit or loss account, the grant of such shares will dilute the interest of holders of our Shares. Please refer to the sections entitled "123GROW Plan – Opp 1 Plan – Financial Impact of the Opp 1 Plan" and "123GROW Plan – Opp 2 Plan – Financial Impact of the Opp 2 Plan" of this Prospectus for more information.

We may not be able to pay dividends

Our ability to declare dividends in relation to our Shares will depend upon, amongst others, our operating results, financial condition, other cash requirements including capital expenditures, the terms of borrowing arrangements (if any), and other contractual restrictions. This, in turn, depends on our strategy, the successful implementation of our strategy and on financial, competitive, regulatory, general economic conditions and other factors that may be specific to us or specific to our industry, many of which are beyond our control.

In addition, our Company is a holding company and we operate our business through our Group Companies. Therefore, our ability to pay dividends will be affected by the ability of our Group Companies to declare and pay us dividends or other distributions. The ability of our Group Companies to declare and pay dividends to us will be dependent on the cash income of and cash available to such Group Company and the operating results, financial condition, other cash requirements including capital expenditures, the terms of borrowing arrangements (if any) and other contractual restrictions of the relevant Group Company and may be restricted under applicable law or regulation. For example, wholly foreign-invested enterprises in PRC are required to allocate at least 10.0% of their respective accumulated profits each year, if any, to fund certain reserve funds, unless these reserves have reached 50.0% of their registered capital. Please refer to the section entitled "Government Regulations" of this Prospectus for further information.

In addition, the receipt of dividends from our Group Companies may be adversely affected by the passage of new laws, adoption of new regulations or changes to, or in the interpretation or implementation of, existing laws and regulations and other events beyond our control.

Singapore law contains provisions that could discourage a take-over of our Company

Sections 138, 139 and 140 of the SFA and the Take-over Code (collectively, the "**Take-over Code**") contain certain provisions that may delay, deter or prevent a future take-over or change in control of our Company for so long as our Shares are listed for quotation on the SGX-ST. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of our Shares, or, if such person holds, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of our Shares, and he (or parties acting in concert with him) acquires additional Shares representing more than 1.0% of our voting Shares in any six month period, must, except with the consent of the SIC, extend a take-over offer for the remaining Shares in accordance with the provisions of the Take-over Code. While the Take-over Code seeks to ensure equality of treatment among Shareholders, their provisions may discourage or prevent certain types of transactions involving an actual or threatened change of control of our Company. Some of our Shareholders, which may include you, may therefore be disadvantaged as a transaction of that kind might have allowed the sale of shares at a price above the prevailing market price.

RISK FACTORS

Overseas Shareholders may not be able to participate in future rights offerings or certain other equity issues by us

If we offer, or cause to be offered, to holders of our Shares rights to subscribe for additional Shares or any right of any other nature, we will have discretion as to the procedure to be followed in making these rights available to holders of our Shares or in disposing of these rights for the benefit of such holders and making the net proceeds available to such holders. We may not be able to offer these rights to the holders of our Shares having an address in a jurisdiction outside Singapore. Accordingly, Shareholders who are outside or have a registered address outside Singapore may be unable to participate in rights offerings and may experience a dilution in their holdings as a result.

USE OF PROCEEDS

Based on the Offering Price, we will raise gross proceeds of approximately S\$174.1 million from the Offering and the issue of the Cornerstone Shares. The estimated net proceeds from the Offering and the issue of the Cornerstone Shares, assuming the Over-allotment Option is not exercised and after deducting the commissions and estimated expenses in relation to the Offering of approximately S\$8.2 million, are estimated to be approximately S\$165.8 million. If the Over-allotment Option is exercised in full, the net proceeds from the Offering, the issue of the Cornerstone Shares and the issue of the Additional Shares are estimated to be approximately S\$175.6 million.

We intend to use the net proceeds from the Offering and the issue of the Cornerstone Shares, which amount to 95.3 cents for each Singapore dollar of gross proceeds raised from the Offering and the issue of the Cornerstone Shares, for business expansion and/or potential opportunistic acquisitions.

We are, in the ordinary course of our business, constantly evaluating opportunities for strategic acquisitions to further entrench ourselves in existing markets or to enter into new ones. Although we have not, as at the Latest Practicable Date, entered into any contractually binding arrangements or agreements for any acquisitions, we are, as at the Latest Practicable Date, in the ordinary course of our business, evaluating potential acquisitions or engaged in preliminary discussions and negotiations with counterparties in respect of such potential acquisitions. Please also refer to the section entitled “Business – Our Strategies” of this Prospectus for more details.

The estimated expenses incurred in relation to the Offering, the issue of the Cornerstone Shares and the application for listing, including the underwriting commission, professional fees and all other incidental expenses relating to the Offering and the issue of the Cornerstone Shares are approximately S\$8.2 million which amounts to 4.72 cents for each Singapore dollar of gross proceeds raised from the Offering and the issue of the Cornerstone Shares.

A breakdown of these estimated expenses is as follows:

Expenses	Estimated amount (S\$'million)	As a percentage of the gross proceeds from the Offering and the issue of the Cornerstone Shares (%)
Underwriting commission ⁽¹⁾	4.35	2.5
Professional fees and other miscellaneous expenses (including listing fees)	3.87	2.2
Total	8.22	4.7

Note:

- (1) Does not include the incentive fees payable to the Joint Bookrunners and Underwriters. For more details on such incentive fees, please refer to the description below.

We will pay the Sole Issue Manager, the Joint Global Coordinators and Joint Bookrunners and Underwriters, as compensation for their services in connection with the Offering and the issue of the Cornerstone Shares, underwriting fees amounting to 2.50% of the total gross proceeds from the Offering and the issue of the Cornerstone Shares. These underwriting fees will amount to S\$0.02 for each Offering Share and Cornerstone Share.

USE OF PROCEEDS

We may, at our sole discretion pay to the Joint Bookrunners and Underwriters an incentive fee of up to 0.50% of the amount equal to the aggregate value of the Offering Price of the Offering Shares, the Cornerstone Shares and the Additional Shares (if any), in such amounts and in such proportion among the Joint Bookrunners and Underwriters as may be determined by our Company in its sole discretion.

We will pay the Sole Issue Manager, the Joint Global Coordinators and Joint Bookrunners and Underwriters, as compensation for their services in connection with the Offering, underwriting fees amounting to 2.50% of the total gross proceeds from the issue of any Additional Shares (if the Over-allotment Option is exercised). These additional fees will amount to S\$0.02 for each Additional Share (assuming the Over-allotment Option is exercised in full).

Assuming the Over-allotment Option is exercised in full, we will receive additional net proceeds of S\$9.7 million which will be used for business expansion and/or potential opportunistic acquisitions.

Pending the deployment of net proceeds as aforesaid, the net proceeds may be placed in short term deposits with financial institutions or used to invest in bonds, unit trusts and/or short-term money market instruments with risk and return profiles that our Directors may deem appropriate.

We will make periodic announcements on the use of net proceeds from the Offering and the issue of the Cornerstone Shares as and when the funds are materially disbursed, and provide a status report on the use of proceeds in our annual report.

In the event that any part of our proposed use of net proceeds from the Offering and the issue of the Cornerstone Shares does not materialise or proceed as planned, our Directors will carefully evaluate the situation and may reallocate the proceeds to other purposes and/or hold such funds on short-term deposits with financial institutions or used to invest in bonds, unit trusts and/or short-term money market instruments with risk and return profiles that our Directors may deem appropriate, for so long as our Directors deem it to be in the interest of our Company. Any change in the use of the net proceeds will be subject to the listing rules of the SGX-ST and appropriate announcements will be made by our Company on SGXNET.

In the reasonable opinion of our Directors, no minimum amount must be raised from the Offering.

Subscribers of the Shares under the Placement may be required to pay brokerage or other similar fees (and if so required, such brokerage will be up to 1.0% of the Offering Price), any stamp duties and other similar charges in accordance with the laws and practices of the country of subscription and/or purchase (as the case may be), in addition to the Offering Price. See the section entitled "Plan of Distribution" of this Prospectus for details.

DIVIDENDS

For the year ended 31 December 2016, our Company declared interim dividends of approximately S\$1.9 million (which translates into S\$0.0025 per Share) on 2 January 2017 (of which approximately S\$0.9 million were paid in May 2017 and the remainder expected to be paid by July 2017 to our registered shareholders (save for Vanda 1) as at 2 January 2017) and approximately S\$1.9 million (which translates into S\$0.0025 per Share) on 31 March 2017 (which dividends are to be paid on 31 October 2017 to our registered shareholders (save for Vanda 1) as at 31 March 2017). Save as stated, our Company has not distributed any dividends on our Shares since its incorporation on 21 September 2016.

Please also refer to the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Prospectus for more information on dividends distributed by our Group during the Period Under Review and subsequent to the Period Under Review.

We currently do not have a fixed dividend policy. The declaration and payment of future dividends may be recommended by our Board at their discretion and will depend upon, amongst others, our operating results, financial condition, other cash requirements including capital expenditures, the terms of borrowing arrangements (if any), other contractual restrictions and other factors deemed relevant by our Directors. This, in turn, depends on our strategy, the successful implementation of our strategy and on financial, competitive, regulatory, general economic conditions and other factors that may be specific to us or specific to our industry, many of which are beyond our control.

In addition, our Company is a holding company and we operate our business through our Group Companies. Therefore, our ability to pay dividends will be affected by the ability of our Group Companies to declare and pay us dividends or other distributions. The ability of our Group Companies to declare and pay dividends to us will be dependent on the cash income of and cash available to such Group Company and the operating results, financial condition, other cash requirements including capital expenditures, the terms of borrowing arrangements (if any) and other contractual restrictions of the relevant Group Company and may be restricted under applicable law or regulation.

We may declare dividends by ordinary resolution of our Shareholders at a general meeting, but we may not pay dividends in excess of the amount recommended by our Directors. The declaration and payment of dividends will be determined at the sole discretion of our Directors, subject to the approval of our Shareholders. Our Directors may also declare an interim dividend without the approval of our Shareholders. In making their recommendations, our Directors will consider, amongst other things, our retained earnings, expected future earnings, operations, cash flow, capital requirements, general business and financing conditions, as well as other factors which our Directors may determine appropriate.

However, our Directors intend to recommend and distribute dividends of 50% of our net profit after tax (excluding exceptional items) for FY2017 and FY2018 (the “**Proposed Dividends**”), as we wish to reward Shareholders for participating in our Group’s growth. However, investors should note that all the foregoing statements, including the statement on the Proposed Dividends, are merely statements of our present intention and shall not constitute legally binding statements in respect of our future dividends which may be subject to modification (including reduction or non-declaration thereof) in our Directors’ sole and absolute discretion. Investors should not treat the Proposed Dividends as an indication of our Group’s future dividend policy. No inference should be or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends.

Please also refer to the section entitled “Risk Factors – Risks Relating to Ownership of our Shares – We may not be able to pay dividends” of this Prospectus for the risk factor relating to our ability to declare dividends.

CAPITALISATION AND INDEBTEDNESS

As at 31 March 2017, based on our consolidated management accounts as at such date, we do not have any bank loans or borrowings.

The following table shows the capitalisation of our Group:

- (a) as at 31 March 2017 based on our consolidated management accounts as at such date;
- (b) as adjusted to give effect to the completion of the issue of the maximum number of the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares and the Top-up Issuance Shares; and
- (c) as further adjusted to give effect to the issue of an aggregate of 193,404,900 Offering Shares pursuant to the Offering and Cornerstone Shares and the application of the net proceeds from the Offering and the issue of the Cornerstone Shares (if applicable).

	As at 31 March 2017	As Adjusted for the completion of the issue of the maximum number of the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares and the Top-up Issuance Shares	As Further Adjusted for the Offering and the issue of Cornerstone Shares and net proceeds from the Offering and the issue of the Cornerstone Shares
	(S\$'000)	(S\$'000)	(S\$'000)
Shareholders' equity:			
Share capital	48,524	91,998	260,993 ⁽¹⁾
Other reserves	(27,904)	(51,861)	(51,861)
Retained earnings	70,568	70,568	70,568
Total shareholders' equity (excluding non-controlling interests) . .	91,188	110,704	279,699
Total capitalisation	91,188	110,704	279,699

Note:

- (1) After deducting certain estimated expenses incurred in relation to the Offering and the issue of the Cornerstone Shares. Please see the section entitled "Use of Proceeds" for a breakdown of these expenses.

CAPITALISATION AND INDEBTEDNESS

CONTINGENT LIABILITIES

Save for banker's guarantees of an aggregate amount of approximately S\$0.7 million provided by us as security deposits and earmarked amounts in connection with our application for various employment agency licences in Singapore and Taiwan, and various Singapore government service contracts, as at 31 March 2017, there are no indirect and contingent indebtedness with respect to third parties.

DILUTION

Dilution is the amount by which the Offering Price paid by new investors for the Offering Shares in the Offering exceeds our NAV per Share after adjusting for net proceeds from the Offering and the issue of the Cornerstone Shares.

Our NAV as at 31 December 2016 was approximately S\$83.9 million, or S\$0.11 per Share (based on the pre-Offering share capital of 767,734,671 Shares).

Our pro forma NAV, as adjusted for the effects of the completion of the issue of the maximum number of the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares and the Top-up Issuance Shares, will be S\$103.4 million or S\$0.13 per Share (based on the pre-Offering share capital of 818,001,972 Shares as adjusted for the issue of the maximum number of the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares and the Top-up Issuance Shares).

Our pro forma NAV, as further adjusted for the effects of the Offering and the issue of the Cornerstone Shares, will be S\$272.4 million or S\$0.27 per Share (based on the post-Offering share capital of 1,011,406,872 Shares).

This represents an immediate increase in NAV per Share of S\$0.16 (or 46.5%) to our existing Shareholders and an immediate dilution in NAV per Share of S\$0.63 (or 70.1%) to new investors subscribing for Offering Shares in the Offering.

The following table illustrates the dilution per Share:

Offering Price per Offering Share	S\$0.90
NAV per Share as at 31 December 2016.....	S\$0.11
Pro forma NAV per Share as at 31 December 2016 after adjusting for the completion of the issue of the maximum number of the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares and the Top-up Issuance Shares	S\$0.13
Pro forma NAV per Share as at 31 December 2016 after further adjusting for the Offering and the issue of the Cornerstone Shares.....	S\$0.27
Increase in NAV per Share attributable to existing Shareholders	S\$0.16
Dilution in NAV per Share to our new investors	S\$0.63
Percentage dilution in pro forma NAV per Share to our new investors	70.1%

DILUTION

The following table summarises the total number of Shares acquired by our Directors and Substantial Shareholders and their Associates, the total consideration paid for such Shares and the average price per Share during the three (3) years before the date of lodgment of this Prospectus:

Directors and their Associates	Number of Shares Acquired	Consideration (S\$)	Average Price per Share (S\$)
Peter Sim ⁽¹⁾	1	1.00	1.00
Nelly Sim ⁽¹⁾	1	1.00	1.00
JS Sim ⁽¹⁾	1	1.00	1.00
Substantial Shareholders and their Associates			
SIMCO Ltd ⁽¹⁾	3	3.00	1.00
SIMCO Ltd ⁽²⁾	749,999,997	33,523,499.87	0.044698

Notes:

- (1) On 9 October 2016, Peter Sim, Nelly Sim and JS Sim collectively sold three Shares representing the entire issued and paid-up share capital of our Company to SIMCO Ltd, for a total cash consideration of S\$3. See the section entitled “Corporate Reorganisation and Corporate Structure – Corporate Reorganisation” of this Prospectus for more information.
- (2) Comprising Shares issued by our Company in consideration for (i) the acquisition of 92.5% of the issued and paid-up share capital of Recruit Express and 100% of the issued and paid-up share capital of HRnet One, and (ii) the settlement of the SIMCO Note, on 11 November 2016. See the section entitled “Corporate Reorganisation and Corporate Structure – Corporate Reorganisation” of this Prospectus for more information.

EXCHANGE CONTROLS

The respective contribution of revenue by the Group Companies in the Rest of Asia (comprising Malaysia and Thailand) and South Korea to the Group is not material and accordingly, exchange controls restrictions in such jurisdictions would not be regarded as material.

Singapore

As at the date of this Prospectus, no foreign exchange control restrictions are enforced in Singapore.

Hong Kong

As at the date of this Prospectus, there are no exchange control restrictions in Hong Kong.

Japan

Under the Foreign Exchange and Foreign Trade Act of Japan (*Gaikoku Kawase oyobi Gaikoku Boueki Hou*), as amended, and related cabinet orders and ministerial ordinances (the “**Foreign Exchange Regulations**”), dividends paid on, and the proceeds from sales in Japan of, shares held by exchange non-residents of Japan may generally be converted into any foreign currency and repatriated abroad.

Exchange non-residents are defined in the Foreign Exchange Regulations as (i) individuals who do not reside in Japan; or (ii) corporations whose principal offices are located outside Japan.

As dividends paid on shares held by exchange non-residents may generally be converted into any foreign currency and repatriated abroad, such regulations are not expected to have a material impact on the availability of cash and cash equivalents for use by our Company.

PRC

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations (“**FEA Regulations**”), as amended in August 2008. Under the FEA Regulations, CNY are freely convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions. In order to convert CNY for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of China, the prior approval of, and/or registration with, State Administration of Foreign Exchange (“**SAFE**”) or other relevant PRC governmental authorities, are required.

On 29 August 2008, SAFE promulgated a circular (“**Circular 142**”), which regulates the purposes for which foreign-invested companies may convert foreign currency into CNY. The notice requires that the registered capital of a foreign-invested company settled in CNY converted from foreign currencies may only be used within the business scope approved by the applicable governmental authority and may not be used for equity investments in the PRC. In addition, foreign-invested companies may not change how they use such capital without SAFE’s approval, and may not in any case use such capital to repay CNY loans if they have not used the proceeds of such loans. Violations of Circular 142 can result in severe penalties, including heavy fines. Furthermore, SAFE promulgated a circular on 9 November 2010 (“**Circular 59**”), which requires the authenticity of settlement of net proceeds from offshore offerings to be closely examined and the net proceeds to be settled in the manner described in the offering documents. In addition, to strengthen Circular 142, the SAFE promulgated the Circular on Further Clarifying and Regulating Relevant Issues Concerning the Administration of Foreign Exchange under Capital Account (“**Circular 45**”)

EXCHANGE CONTROLS

on 9 November 2011 which prohibits a foreign invested company from converting its registered capital in foreign exchange currency into CNY for the purpose of making domestic equity investments, granting entrusted loans, repaying inter-company loans, and repaying bank loans that have been transferred to a third party. Circular 142, Circular 59 and Circular 45 may significantly limit our ability to transfer the net proceeds from offerings of our securities or any future offering to our PRC subsidiaries and convert the net proceeds into CNY, which may adversely affect our liquidity and our ability to fund and expand our business in the PRC.

Taiwan

Under the current foreign exchange control laws and regulations of Taiwan, a Taiwanese individual or a Taiwanese company may, upon filing a report with the Central Bank of the Republic of China (Taiwan) ("**CBC**") (if exceeding TWD500,000), settle foreign exchange against TWD and remit the same out of Taiwan in an amount up to US\$5.0 million (for individuals or associations) and US\$50.0 million (for companies or enterprises), respectively per calendar year, without special approval from the CBC. Foreign exchange settlement exceeding the applicable ceiling would require special approval from the CBC. Such approval is discretionary and would be decided by the CBC on a case-by-case basis.

As remittance of monies of an amount of US\$50.0 million (for companies or enterprises) or less do not require special approval from the CBC, such regulations are not expected to have a material impact on the availability of cash and cash equivalents for use by our Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the section entitled "Independent Auditor's Report and the Combined Financial Statements for the Financial Years ended 31 December 2014, 2015 and 2016" as set out in Appendix A of this Prospectus.

This discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and our financial performance and they involve risks and uncertainties. Our actual results may differ significantly from those anticipated in the forward-looking statements as a result of any number of factors discussed below and elsewhere in this Prospectus, including those set forth in this section and under the sections entitled "Risk Factors" and "Notice to Investors – Cautionary Note on Forward Looking Statements". Under no circumstances should the inclusion of forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners or Underwriters or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.

OVERVIEW

As described in the section entitled "Business" of this Prospectus, we are the largest Asia-based recruitment agency in Asia Pacific (excluding Japan), as compared to other key players within the professional recruitment and flexible staffing industry with presence in Asia Pacific, according to Frost & Sullivan. As at 31 December 2016, we operate via our 24 business units under individual brands and through offices across 10 Asian growth cities, namely, Singapore (where our headquarters are located), Kuala Lumpur, Bangkok, Hong Kong, Taipei, Guangzhou, Shanghai, Beijing, Tokyo and Seoul.

Operating Segments

As at the Latest Practicable Date, we operate and manage our business primarily as two operating segments, namely flexible staffing and professional recruitment, both of which serve a wide spectrum of industries, including financial institutions, retail and consumer, information technology and telecommunications, manufacturing, healthcare life science, insurance and logistics, and functions such as human resources, finance and accounting, and legal and compliance. We also offer other services, such as payroll processing, HR consulting and corporate training.

For our flexible staffing segment, in FY2016, FY2015 and FY2014, we deployed a monthly average of approximately 10,500, 10,900 and 10,900 Contractor Employees, respectively, to our clients and managed their working relationships to ensure that our effective, cost-efficient and high quality flexible solutions meet our clients' evolving business needs.

For our professional recruitment segment, we successfully placed over 8,500, 9,400 and 9,900 candidates for FY2016, FY2015 and FY2014, respectively. The average gross profit per placement grew by over 12.0% from FY2015 to FY2016 as we strategically moved towards higher value assignments. Please see "-Results of Operations" below for further details on gross profit for our professional recruitment segment for the Period Under Review.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Geographic Segments

Our geographic segments cover broadly Singapore, North Asia (comprising Hong Kong, Taipei, Guangzhou, Shanghai, Beijing, Tokyo and Seoul) and the Rest of Asia (comprising Kuala Lumpur and Bangkok).

Our revenue grew at a 6.1% CAGR, to S\$365.0 million in FY2016 from S\$324.5 million in FY2014. Our net profit also grew at a 13.0% CAGR, to S\$48.4 million in FY2016 from S\$38.0 million in FY2014, while maintaining our strong profit margins of 13.3% for FY2016, 12.2% for FY2015 and 11.7% for FY2014.

In terms of geographic segments, Singapore is currently the largest contributor to our revenue. In terms of business segments, flexible staffing is currently the largest contributor to our revenue. We expect North Asia, and our strong professional recruitment offering in the above-mentioned jurisdictions, to contribute a greater proportion to our top line growth and overall profitability as we continue to grow outside Singapore.

BASIS OF PRESENTATION

To rationalise the structure of our Company and its subsidiaries in preparation for the Offering, our Company has pursued a corporate reorganisation as described in the section entitled "Corporate Reorganisation and Corporate Structure – Corporate Reorganisation" of this Prospectus. Our Group resulting from the corporate reorganisation is regarded as a continuing entity throughout the Period Under Review as the common shareholders controlled it both before and after the corporate reorganisation.

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

CRITICAL ACCOUNTING ESTIMATES

Our combined financial statements have been prepared in accordance with SFRS. The preparation of these financial statements requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of revenue and expenses during the reporting period. On an on-going basis, our management evaluates its estimates and judgements. Our management bases its estimates and judgements on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Our management believes that the following accounting estimates are the most critical to aid in understanding and evaluating our reported financial results, and they require our management's most difficult, subjective, or complex judgements, resulting from the need to make estimates about the effect of matters that are inherently uncertain.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Allowance for bad and doubtful receivables

The policy for allowance for bad and doubtful receivables of our Group is based on the evaluation of collectability and aging analysis of accounts and on our management's judgement. A considerable amount of estimation is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

The table below is an analysis of trade receivables for the Period Under Review:

Aging profile of trade receivables that are past due but not impaired

	2016	2015	2014
	\$'000	\$'000	\$'000
Less than 30 days	19,663	18,459	18,034
31 to 60 days	6,300	6,046	7,195
61 to 90 days	1,678	1,647	1,571
More than 90 days	495	643	481
	<u>28,136</u>	<u>26,795</u>	<u>27,281</u>

Movements in the allowance for doubtful receivables are as follows:

	2016	2015	2014
	\$'000	\$'000	\$'000
Balance at beginning of the year	31	137	343
Allowance (Reversal of) during the year	84	69	(98)
Write-off during the year	(49)	(175)	(108)
Balance at end of the year	<u>66</u>	<u>31</u>	<u>137</u>

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Major factors affecting our results of operations and financial condition include:

Job market conditions and employment growth in key sectors and geographies in which we operate

Our results of operations are influenced significantly by economic conditions in the markets in which we operate and, in particular, by the job market conditions in the top sectors in which our major clients operate, namely financial institutions, retail and consumer, information technology and telecommunications, manufacturing, healthcare life science, insurance and logistics. Economic conditions in these markets and sectors affect the number and types of employees that our customers require.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following table shows the sectors that contributed at least 5% of our revenue during the Period Under Review.

	Year ended 31 December					
	2016		2015		2014	
	(S\$'000)	(%)	(S\$'000)	(%)	(S\$'000)	(%)
Financial institutions	56,999	15.6	62,113	17.4	53,423	16.5
Retail and consumer	51,720	14.2	49,248	13.8	49,834	15.4
Information technology and telecommunications	51,503	14.1	50,038	14.1	50,628	15.6
Manufacturing	51,610	14.1	42,214	11.9	35,932	11.1
Healthcare life science	44,949	12.3	47,917	13.5	47,993	14.8
Insurance	24,143	6.6	20,427	5.7	17,828	5.5
Logistics	21,964	6.0	20,708	5.8	23,350	7.2
Subtotal	302,888	82.9	292,665	82.2	278,988	86.1
All other sectors	62,155	17.1	63,349	17.8	45,464	13.9
Total revenue	365,043	100.0%	356,014	100.0%	324,452	100.0%

Our revenue stream is stable as the flexible staffing business performs relatively well in economic downturns despite a general decrease in the demand for human resources by our clients as clients who may nonetheless require human resources are more likely to hire temporary staff and contractors as compared to permanent staff, while the professional recruitment business performs well during periods of economic growth as companies seek to fill new positions and candidates seek career progressions and new opportunities.

While our results of operations are affected by specific factors in the sectors we focus on, the diversity of the sectors helps us counter general market conditions and cyclicity. As no single sector contributed more than 20% to our revenue, our results have not been significantly affected by a downturn in any one particular sector.

To some extent, we have also been able to counter this cyclicity by being nimble and responsive during economic downturns. For example, when financial institutions were generally reducing front office headcount following the global financial crisis, we focussed on the regulatory and compliance functions within the financial institutions sector, which were growing.

The regulatory environment for the labour market in Singapore and other key markets we operate in

Our business operations are subject to various laws and regulations in Singapore and other jurisdictions where we have business operations. Please refer to the sections entitled “Business – Licences, Permits and Approvals” and “Government Regulations” for more details. Compliance with these laws and regulations can impose limitations on our business and operations. We may also be limited in our ability to grow in the manner and at the rate that we anticipate or which is acceptable to us. Further, any changes in the laws, regulations or policies in the jurisdictions where we operate affecting the industry in which we operate may result in the prohibition or restriction of certain types of employment services we are permitted to offer, or the imposition of new or additional licensing or tax requirements that could reduce our revenues and earnings.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

While the imposition of certain requirements such as licencing could slow the expansion of our services, it could also increase barriers to entry for our competitors. Alternatively, labour law reforms and monetary benefits offered to employers for hiring certain types of employees can expand the market for our services and have a favourable effect on our results of operations. Customer demand for flexible staffing is dependent upon the overall trend towards greater workforce flexibility.

Changes in the nature of work and the composition of the labour market

The nature of work and the shape of the workforce are rapidly changing in many advanced economies, including those in which we operate. This is due to a variety of reasons, including:

- Increasing use of automation
- Shift towards greater workforce flexibility
- Growing use of freelance, contract and other new worker types
- Workers are increasingly more interested in finding more flexible forms of employment

Companies in many sectors of the economy are affected by these trends and are seeking new labour models. We have been able to successfully adapt to these trends, especially in the flexible staffing business, which has resulted in a positive impact to our results during the Period Under Review.

Relationship between revenue, gross profit and the relative proportion of professional recruitment versus flexible staffing business

Our revenue and gross profit from one period to another can be significantly influenced by, among other things, the proportion of contribution from our professional recruitment business relative to our flexible staffing business. Our revenue from our professional recruitment business is in the form of fees received from customers for successful placements. As there are no direct costs associated with the placement of permanent professional candidates, the gross profit margin is almost 100%. For our flexible staffing business, our revenue comprises a fee that we charge our customer that covers the Contractor Employee's payroll costs and a margin. As the Contractor Employee's salary and benefits are borne by us as part of our operating costs, the gross profit margin is significantly lower than professional recruitment.

As a result, our revenue and gross profit from one period to another can differ significantly, depending on the proportion of contribution from our professional recruitment business relative to our flexible staffing business.

Productivity of our employees

The productivity of our sales employees is a key performance indicator for our business and has a significant influence on our profitability. We measure the productivity of our sales employees based on their ability to generate gross profits to cover their fixed salary; those who are able to cover their fixed salary by three times are termed PHC and have historically received, including during the Period Under Review, significant additional remuneration in the form of variable profit-sharing incentives. A higher proportion of PHCs amongst our sales employees will result in higher gross profits.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following table shows the average number of sales employees and the average number of PHC sales employees across our geographic segments during the Period Under Review:

	Year ended 31 December								
	2016			2015			2014		
	PHC ⁽¹⁾	HC ^{(1),(2)}	PHC/HC (%) ⁽¹⁾	PHC ⁽¹⁾	HC ^{(1),(2)}	PHC/HC (%) ⁽¹⁾	PHC ⁽¹⁾	HC ^{(1),(2)}	PHC/HC (%) ⁽¹⁾
Singapore	227	334	68.0	232	337	68.8	229	328	69.8
North Asia	186	313	59.4	170	293	58.0	154	293	52.6
Rest of Asia. . .	40	76	52.6	45	86	52.3	45	96	46.9
Total	453	723	62.7	447	716	62.4	428	717	59.7

Notes:

- (1) Based on the average of the relevant number or percentage, as the case may be, as at the beginning and the end of the relevant year.
- (2) Refers to total headcount of permanent sales employees.

Prior to the Offering, our Company has implemented the 123GROW Plan, a share plan for employees, which will allow up to 404 employees, as at the Latest Practicable Date, to become shareholders of our Company by participating in the 123GROW Plan. Such employees (also referred to as 123GROW Co-Owners), by subscribing for, and receiving, Shares pursuant to the 123GROW Plan would accordingly, share in our future profitability as shareholders of our Company.

Our other co-ownership programme, the 88GLOW Plan, will also serve to motivate existing 88GLOW Co-Owners to grow their business units and to inspire them to become and continue to be PHCs. We believe that such co-ownership programmes will be a strong driving force towards even higher productivity as the probability of co-owners interacting and engaging with candidates and clients with a strong sense of ownership is increased. Please see the sections entitled "123GROW Plan" and "Corporate Reorganisation and Corporate Structure – Corporate Reorganisation" of this Prospectus for further details on such co-ownership programmes.

Efficiency derived from operational leverage

We enjoy economies of scale as our business expands. We have centralised finance, HR, information technology, legal, digital communications and other administrative support services in our head office in Singapore for all our businesses, and our infrastructure and technology costs do not increase much when we increase the number of consultants or Contractor Employees. As a result, our net profit margin increases as our business expands.

In addition, we aim to improve our net profit margin through a range of initiatives, including a process-driven methodology in business planning and tracking, metric-driven improvement (which seeks improvements based on the monitoring of our employees' performance against certain benchmarks such as ratio of gross profit to payroll cost and number of interviews of candidates successfully) in our rhythm of business activities with candidates and clients, key account management, the use of technology as an enabler and the leveraging of our Group's strengths (such as the productivity of our employees) and scale to improve our recruitment effectiveness.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Impact of new brands and new office openings

The creation of new brands and new offices can have a positive impact to our profitability over the long run by significantly increasing our clients as well as growing our revenues and net profits. Since incorporation, we have expanded our operations through the creation of new brands and new offices. Please refer to the section entitled "Business – History" of this Prospectus for further details on our corporate history. While these would entail certain capital and start-up costs in the initial years, particularly in relation to staff costs, over time, these new brands and offices become profitable as we consolidate our presence by striving to:

- Cultivate strong relationships and trust with customers in such new locations
- Build and develop the skills, experience and track record of the local team in terms of delivery of services
- Continuously engage with customers and evolve our operations in line with market forces
- Develop a leadership structure at the relevant location to facilitate expansion of the local team

Competition

Barriers to entry to both the professional recruitment business and the flexible staffing business are relatively low, and we continue to face significant competition, both from large and small players across our markets, as well as pricing pressure from our customers. We also face the risk that customers, especially larger companies with multinational operations, may decide to provide similar services internally.

We have been able to achieve our current success due to a number of competitive advantages:

- Significant size, which has given us economies of scale as we expand our business, and the balance sheet to meet the payroll requirements of our large clients
- Regional presence and the breadth and depth of choice in our candidate pool, which have allowed us to support our MNCs and corporate customers in their global expansion
- Diversified geographies, sectors and business segments, which has reduced our concentration risk and provide some insulation from potential adverse economic conditions in specific countries or sectors
- Entrepreneurial co-ownership business and compensation model, which has made the entire firm aligned and focused on achieving profitability

Seasonality

While we are affected by seasonal fluctuations in individual markets, the impact of these variations are mitigated by our diversified sectors and geographies and especially by our twin engines of flexible staffing and professional recruitment. For example, we experience seasonality in our flexible staffing business during major festivals and holidays, such as Chinese New Year and Christmas, when there is a significant increase in the placement of temporary employees to

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

corporate customers either as a result of increased demand in the products or services offered by those customers or decreased availability of their permanent workforce during those holiday periods. In our professional recruitment business, we generally experience seasonality towards the year end, when employees are less inclined to change jobs before being paid their bonus.

PRINCIPAL COMPONENTS OF REVENUE AND EXPENSES

Our combined operating results for FY2016, FY2015 and FY2014, in absolute figures and as a percentage of revenue, were as follows:

	Year ended 31 December					
	2016		2015		2014	
	(S\$'000)	(%)	(S\$'000)	(%)	(S\$'000)	(%)
Revenue	365,043	100.0	356,014	100.0	324,452	100.0
Sub-contractor expenses	(232,266)	(63.6)	(224,818)	(63.1)	(195,836)	(60.4)
Gross profit	132,777	36.4	131,196	36.9	128,616	39.6
Other income	12,072	3.3	10,167	2.9	5,019	1.5
Other employee benefit expenses	(67,592)	(18.5)	(71,130)	(20.0)	(69,349)	(21.4)
Facilities and depreciation expenses	(10,535)	(2.9)	(10,719)	(3.0)	(10,857)	(3.3)
Selling expenses	(3,879)	(1.1)	(4,084)	(1.1)	(3,858)	(1.2)
Other expenses	(3,556)	(1.0)	(3,317)	(0.9)	(3,656)	(1.1)
Profit before income tax	59,287	16.2	52,113	14.6	45,915	14.2
Income tax expense	(10,853)	(3.0)	(8,767)	(2.5)	(7,949)	(2.4)
Profit for the year	48,434	13.3	43,346	12.2	37,966	11.7
Profit attributable to:						
Owners of our Company ⁽¹⁾	41,085	11.3	38,183	10.7	33,351	10.3
Non-controlling interests ⁽¹⁾	7,349	2.0	5,163	1.5	4,615	1.4
	48,434	13.3	43,346	12.2	37,966	11.7

Note:

- (1) Assuming our Company issued the maximum number of GLOW Initial Shares and completed the Initial Acquisition pursuant to the 88GLOW Plan on 1 January 2016, our profit attributable to owners of our Company for FY2016 would be increased to S\$45.4 million, while our profit attributable to non-controlling interests for FY2016 would be decreased to S\$3.1 million. Please refer to the section entitled “– Recent Developments” of this Prospectus for further details.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Revenue

Revenue from professional recruitment comprises fees charged to clients as a percentage of the remuneration of the candidate placed with the relevant client in his first year of employment, and is recognised upon successful placement of the candidate in a permanent position with the client.

Revenue from flexible staffing comprises fees charged to our customers that covers the relevant Contractor Employee's payroll in full and a portion of his payroll costs or such other fixed sums that we agree with the corporate customer. Revenue from flexible staffing services is recognised at the time that the Contractor Employee provides services to the corporate customer.

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

Sub-contractor expenses

The flexible staffing segment incurs cost of sales in the form of payroll for Contractor Employees, where corporate customers pay us a margin on top of the payroll cost of the Contractor Employees which we place with them, resulting in significantly lower gross profit margin compared to the professional recruitment segment where we do not incur any cost of sales.

Other income

Other income mainly represents subsidies from governments, primarily the Singapore government in connection with special initiatives included in its annual budget in recent years to help companies defray the costs of certain categories of employment costs. Please see the section entitled "Government Regulations – Singapore – Certain Singapore Government Initiatives" of this Prospectus for further details. Other income also comprises certain other less significant Singapore government grants and subsidies, as well as interest income. In aggregate, government grants and subsidies amounted to S\$11.4 million, S\$8.1 million and S\$4.4 million for FY2016, FY2015 and FY2014 respectively.

Operating expenses (including other employee benefit expenses), other expenses and income tax expense

Other employee benefit expenses, including compensation and benefits paid to our consultants and support staff, are the principal component of our operating expenses. These employee costs typically represent approximately three quarters of our operating and other expenses, with the remainder consisting of other operating expenses such as lease payments, utility bills, depreciation and amortisation, technology expenses and other general costs.

Income tax expense represents the sum of the tax currently payable and deferred tax. Taxation is calculated at the rates prevailing in the relevant jurisdictions.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The following charts depict the revenue and gross profit contributions by each of our operating and geographic segments for each of FY2016, FY2015 and FY2014 in absolute figures and by percentage contribution.

For the year ended 31 December												
2016					2015				2014			
	Prof. Recruit.	Flex. Staff	Others	Total	Prof. Recruit.	Flex. Staff	Others	Total	Prof. Recruit	Flex. Staff	Others	Total
(S\$'000)												
Revenue												
Singapore	36,074	237,785	2,043	275,902	36,848	234,058	1,660	272,566	37,801	207,044	1,624	246,469
North Asia	47,174	33,322	795	81,291	44,679	30,127	196	75,002	42,376	25,307	366	68,049
Rest of Asia	4,245	3,351	254	7,850	4,866	3,228	352	8,446	5,652	4,010	272	9,934
Total	87,493	274,458	3,092	365,043	86,393	267,413	2,208	356,014	85,829	236,361	2,262	324,452
Gross profit												
Singapore	35,995	38,558	1,782	76,335	36,751	39,131	1,440	77,322	37,720	37,467	1,343	76,530
North Asia	47,105	3,585	871	51,561	44,503	3,557	196	48,256	42,235	2,963	365	45,563
Rest of Asia	4,245	512	124	4,881	4,860	485	273	5,618	5,652	654	217	6,523
Total	87,345	42,655	2,777	132,777	86,114	43,173	1,909	131,196	85,607	41,084	1,925	128,616

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS**

For the year ended 31 December									
2016				2015				2014	
	Prof. Recruit.	Flex. Staff	Others	Total	Prof. Recruit.	Flex. Staff	Others	Total	
Revenue									
Singapore	9.9%	65.1%	0.6%	75.6%	10.4%	65.7%	0.4%	76.5%	11.7% 63.8% 0.5% 76.0%
North Asia	12.9%	9.1%	0.2%	22.2%	12.5%	8.5%	0.1%	21.1%	13.1% 7.8% 0.1% 21.0%
Rest of Asia	1.2%	0.9%	0.1%	2.2%	1.4%	0.9%	0.1%	2.4%	1.7% 1.2% 0.1% 3.0%
Total	24.0%	75.1%	0.9%	100.0%	24.3%	75.1%	0.6%	100.0%	26.5% 72.8% 0.7% 100.0%
Gross profit									
Singapore	27.1%	29.0%	1.3%	57.4%	28.0%	29.8%	1.1%	58.9%	29.4% 29.1% 1.0% 59.5%
North Asia	35.5%	2.7%	0.7%	38.9%	33.9%	2.7%	0.2%	36.8%	32.8% 2.3% 0.3% 35.4%
Rest of Asia	3.2%	0.4%	0.1%	3.7%	3.7%	0.4%	0.2%	4.3%	4.4% 0.5% 0.2% 5.1%
Total	65.8%	32.1%	2.1%	100.0%	65.6%	32.9%	1.5%	100.0%	66.6% 31.9% 1.5% 100.0%

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FY2016 as compared to FY2015

Revenue

Revenue increased by 2.5% (S\$9.0 million), to S\$365.0 million, in FY2016 compared to FY2015. This growth was driven primarily by organic growth in our flexible staffing segment, which accounted for S\$7.0 million of the total increase for the period, as well as continued growth in our professional recruitment segment in North Asia which was offset by an overall slight decline in our professional recruitment segment in Singapore and the Rest of Asia.

Sub-Contractor Expenses

Sub-contractor expenses increased by 3.3% (S\$7.5 million), to S\$232.3 million, in FY2016 compared to FY2015. This increase was in line with the growth in revenue in our flexible staffing segment.

Gross Profit

Gross profit increased by 1.2% (S\$1.6 million), to S\$132.8 million, from FY2015 to FY2016. Gross profit margin declined slightly, to 36.4% in FY2016 versus 36.9% in FY2015. The decline in gross margin resulted from margins for flexible staffing being squeezed under challenging market conditions in Singapore.

Other Income

Other income increased by 18.6% (S\$1.9 million), to S\$12.1 million, from FY2015 to FY2016, in tandem with increased incentives received from the Singapore government to help employers defray the costs of certain categories of employees. Please see “– Principal Components of Revenue and Expenses – Other Income” for further details.

Operating Expenses and Other Expenses

Our operating expenses and other expenses decreased by 4.1% in FY2016 compared to the prior period, primarily due to the cessation of a loyalty incentive scheme for employees as at the end of FY2015, as a result of which no further provision was made for the loyalty fund for employees in FY2016. Please see the section entitled “123GROW Plan” of this Prospectus for further details of such loyalty fund.

Profit for the year

As a result of the factors discussed above, our profit for the year increased by 11.8% (S\$5.1 million), to S\$48.4 million, in FY2016 compared to FY2015. Also, our profit attributable to owners of our Company increased by 7.6% (S\$2.9 million), to S\$41.1 million, in FY2016 compared to FY2015. Please also refer to “– Recent Developments” below.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FY2015 as compared to FY2014

Revenue

Revenue increased by 9.7% (S\$31.5 million), to S\$356.0 million, in FY2015 compared to FY2014. This strong growth was driven primarily by our flexible staffing segment, which accounted for S\$31.0 million of the total increase for the period, in particular in Singapore where we launched RecruitFirst in FY2013, a new recruitment business brand that quickly gained acceptance and led to new revenue, and where we benefited from a new contract won by PeopleSearch in FY2014 that generated significant new revenue in FY2015.

Revenue also increased organically through PHC gains in our North Asia segment, which generated a 10.3% (S\$7.0 million) increase that more than offset a 15.0% (S\$1.5 million) decline in our Rest of Asia segment.

Sub-Contractor Expenses

Sub-contractor expenses increased by 14.8% (S\$29.0 million), to S\$224.8 million, in FY2015 compared to FY2014. This increase resulted from the higher cost of flexible staffing against a backdrop of relatively low levels of unemployment and higher wage pressure in some of the markets such as Singapore and Taiwan, in which we operate.

Gross Profit

Gross profit increased by 2.0% (S\$2.6 million) to S\$131.2 million, from FY2014 to FY2015. Gross profit margin declined slightly, to 36.9% in FY2015 versus 39.6% in FY2014. The decline in gross profit margin resulted from a new contract won by PeopleSearch as described above at margins lower than our Group's average rate and also from a higher relative contribution from flexible staffing in FY2015 relative to FY2014.

Other Income

Other income increased by 104.0% (S\$5.2 million), to S\$10.2 million, from FY2014 to FY2015, in tandem with increased incentives received from the Singapore government to help employers defray the costs of certain categories of employees. Please see "– Principal Components of Revenue and Expenses – Other Income" for further details.

Operating Expenses and Other Expenses

Our operating expenses and other expenses increased by 1.8% in FY2015 compared to the prior period, in line with general inflation and as we incurred greater costs to support the growth of our business.

Profit for the year

As a result of the factors discussed above, our profit for the year increased by 13.9% (S\$5.3 million), to S\$43.3 million, in FY2015 compared to FY2014. Also, our profit attributable to owners of our Company increased by 14.4% (S\$4.8 million), to S\$38.2 million, in FY2015 compared to FY2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

During the Period Under Review, our operations have been self-funded through cash generated by our business. As at the Latest Practicable Date, such internal cash resources constitute our source of liquidity. We have not historically used debt financing for our funding needs, whether in the form of bank loans or otherwise.

Our principal capital requirements have been to fund working capital for our flexible staffing segment, dividends to our shareholders and, to a lesser extent, capital expenditures.

Our flexible staffing segment is working capital intensive as a result of the timing difference between payroll and other payments we have to make to Contractor Employees that we have staffed to customers, and receipts from customers with credit terms ranging from seven to 60 days during the Period Under Review to pay for our services. For a further discussion of our credit terms to our customers and our trade receivables turnover days, please see the section entitled "Business – Credit Management – Credit Terms to Our Customers" of this Prospectus.

We invest our excess cash predominantly in bank deposit accounts and bank fixed deposits that mature within one to 36 months of their origination date during the Period Under Review.

Our Directors are of the reasonable opinion that, as at the date of lodgment of this Prospectus, the working capital available to us, after taking into account our current cash and cash equivalents and cash that we anticipate generating from operating activities, is sufficient for our present requirements.

CASH FLOWS

The following table sets out a summary of our cash flows:

	Year ended 31 December		
	2016	2015	2014
	(S\$'000)	(S\$'000)	(S\$'000)
Net cash from operating activities	53,432	49,560	40,192
Net cash from (used in) investing activities	832	(768)	(1,563)
Net cash used in financing activities	(69,487)	(52,522)	(21,603)
Net (decrease) increase in cash and cash equivalents	(15,223)	(3,730)	17,026
Cash and cash equivalents at beginning of year . .	120,803	123,574	106,330
Effects of exchange rate changes on cash and cash equivalents	512	959	218
Cash and cash equivalents at year end.	106,092	120,803	123,574

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Net Cash from Operating Activities

We generated S\$53.4 million in net cash from operating activities for FY2016. Our net cash provided by operating activities is calculated by adjusting our profit before income tax by (i) non-cash and other items, primarily S\$0.7 million of depreciation of plant and equipment, S\$0.1 million of amortisation of intangible assets, S\$0.6 million in interest income, S\$0.3 million loss on disposal of a subsidiary and S\$0.2 million loss on revaluation of marketable securities; (ii) movements in working capital, primarily attributable to an increase in trade receivables of S\$4.9 million, which is in line with an increase in sales from S\$356 million in FY2015 to S\$365 million in FY2016, and an increase in other payables and accruals of S\$2.3 million, primarily due to a customer increasing its cash deposits placed with our Company by S\$2.4 million in respect of payroll processing services provided; and (iii) income tax paid of S\$4.8 million.

We generated S\$49.6 million in net cash from operating activities for FY2015. Our net cash provided by operating activities is calculated by adjusting our profit before income tax by (i) non-cash and other items, primarily S\$1.1 million of depreciation of plant and equipment, S\$0.2 million of amortisation of intangible assets, S\$0.7 million in interest income, S\$0.3 million gain on disposal of marketable securities and S\$0.5 million gain on revaluation of marketable securities; and (ii) movements in working capital primarily attributable to an increase in trade receivables of S\$0.5 million, and an increase in other payables and accruals of S\$5.3 million and (iii) income tax paid of S\$8.3 million.

We generated S\$40.2 million in net cash from operating activities for FY2014. Our net cash provided by operating activities is calculated by adjusting our profit before income tax by (i) non-cash and other items, primarily S\$1.4 million of depreciation of plant and equipment, S\$0.2 million of amortisation of intangible assets, S\$0.5 million in interest income and S\$0.3 million loss on revaluation of marketable securities; and (ii) movements in working capital, primarily attributable to an increase of trade receivables of S\$6.2 million and an increase in other payables and accruals of S\$4.9 million due to an increase in the volume of flexible staffing business in Singapore; and (iii) income tax paid of S\$7.1 million.

Net Cash from/used in Investing Activities

Net cash from investing activities was S\$0.8 million in FY2016, which consisted primarily of net proceeds of S\$1.7 million from sale and purchase of marketable securities, and partially offset by S\$0.8 million used for the purchase of plant and equipment and intangible assets.

Net cash used in investing activities was S\$0.8 million in FY2015, which consisted primarily of S\$1.0 million used for the purchase of plant and equipment and intangible assets, and was partially offset by net proceeds of S\$0.2 million from the net sale and purchase of marketable securities.

Net cash used in investing activities was S\$1.6 million in FY2014, which consisted primarily of net cash paid of S\$1.0 million from the purchase and sale of marketable securities and S\$0.7 million used in the purchase of plant and equipment and intangible assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Net Cash used in Financing Activities

Net cash used in financing activities was S\$69.5 million in FY2016, which consisted primarily of the payment of S\$84.8 million in dividends to our shareholders, partially offset by the capital contribution of S\$15.0 million from Vanda 1, as further described in the section entitled "Corporate Reorganisation and Corporate Structure – Corporate Reorganisation" of this Prospectus.

Net cash used in financing activities was S\$52.5 million in FY2015, which consisted primarily of the payment of S\$51.9 million in dividends to our shareholders and S\$0.7 million used in the acquisition of minority interests in certain subsidiaries from the minority interest holders of such subsidiaries.

Net cash used in financing activities was S\$21.6 million in FY2014, which consisted primarily of the payment of S\$21.9 million in dividends to our shareholders.

CAPITAL EXPENDITURE AND DIVESTMENTS

Our business is premised on an asset-light model with few capital assets relative to our operations. Our capital expenditures of approximately S\$765,000, S\$1,003,000 and S\$654,000 for FY2016, FY2015 and FY2014, respectively, were not material and related primarily to the purchase of computers, office equipment and furnishings. We have not undertaken any material divestment of capital investments during the Period Under Review. We have not incurred any material capital expenditures or undertaken any material divestment of capital investments during the period from 1 January 2017 to the Latest Practicable Date.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table sets forth our contractual obligations as of 31 December 2016:

	Payments due by period		
	Less than	Second to	Total
	one year	fifth year	
	(S\$'000)	(S\$'000)	(S\$'000)
Obligations under non-cancellable operating leases.	7,555	7,046	14,601

We had no other contractual obligation or commitment as of 31 December 2016.

Minimum lease payments recognised as expenses were S\$8.4 million in FY2016, S\$8.2 million in FY2015 and S\$8.2 million in FY2014.

As of the Latest Practicable Date, we had no material contractual obligation or commitment for capital expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OFF-BALANCE SHEET ARRANGEMENTS AND CONTINGENT LIABILITIES

Other than the contractual obligations and commitments listed above, we do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. We are not aware of any contingent liabilities which may have a material effect on our financial position and profitability. Please also refer to the section entitled "Capitalisation and Indebtedness – Contingent Liabilities" of this Prospectus for information on certain banker's guarantees provided by us as security deposits in connection with our application for licences in Singapore and Taiwan.

RECENT DEVELOPMENTS

To illustrate the effect of the completion of the Initial Acquisition pursuant to the 88GLOW Plan on our combined financial statements for FY2016, the following pro forma financial information has been prepared, on the basis of the assumptions set out below, to illustrate what:

- (a) the profit attributable to owners of our Company and the profit attributable to non-controlling interests for FY2016 would have been if the completion of the Initial Acquisition had taken place on 1 January 2016; and
- (b) the equity attributable to owners of our Company and the equity attributable to non-controlling interests as at 31 December 2016 would have been if the completion of the Initial Acquisition had taken place on 31 December 2016,

as set out in the tables below.

Such pro forma financial information has been prepared for illustrative purposes only and because of its nature, may not give a true and fair picture of our actual profit attributable to owners of our Company/non-controlling interests and our actual equity attributable to owners of our Company/non-controlling interests and is not necessarily indicative of the profit attributable to owners of our Company/non-controlling interests or the equity attributable to owners of our Company/non-controlling interests that would have been attained had the above-mentioned occurred earlier.

In preparing such pro forma financial information, it is assumed that our Group would acquire all of the minority interests held by the relevant 88GLOW Co-Owners who are NOPs in the relevant subsidiaries and 20% of the minority interests held by the relevant 88GLOW Co-Owners who are OPs in the relevant subsidiaries (with the exception of two OPs), as further described in the section entitled "Corporate Reorganisation and Corporate Structure – Corporate Reorganisation" of this Prospectus.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Pro forma financial information relating to profit attributable to owners of our Company/ non-controlling interests (as adjusted for the completion of the Initial Acquisition):

	FY2016 (S\$'000)	Adjustment (S\$'000)	Pro forma (S\$'000)
Profit attributable to owners of our Company	41,085	4,269	45,354
Profit attributable to non-controlling interests	7,349	(4,269)	3,080

Pro forma financial information relating to equity attributable to owners of our Company/ non-controlling interests (as adjusted for the completion of the Initial Acquisition):

	As at 31 December 2016 (S\$'000)	Adjustment (S\$'000)	Pro forma (S\$'000)
Equity attributable to owners of our Company	83,901	7,198	91,099
Equity attributable to non-controlling interests	13,304	(7,198)	6,106

For the year ended 31 December 2016, our Company declared interim dividends of approximately S\$1.9 million (which translates into S\$0.0025 per Share) on 2 January 2017 (of which approximately S\$0.9 million were paid in May 2017 and the remainder expected to be paid by July 2017 to our registered shareholders (save for Vanda 1) as at 2 January 2017) and approximately S\$1.9 million (which translates into S\$0.0025 per Share) on 31 March 2017 (which dividends are to be paid on 31 October 2017 to our registered shareholders (save for Vanda 1) as at 31 March 2017).

Please also refer to the sections entitled “123GROW Plan – Opp 1 Plan – Financial Impact of the Opp 1 Plan” and “123GROW Plan – Opp 2 Plan – Financial Impact of the Opp 2 Plan” of this Prospectus for further information on the financial impact resulting from the issuance of the Opp 1 Bonus Shares and the Opp 2 Bonus Shares.

Financial results for 1Q2017 and 1Q2016

The following sets forth our unaudited profit for 1Q2017 and 1Q2016. Our results for any interim period may not be indicative of our results for the full year or for any period. Our historical results for any prior periods are not necessarily indicative of results to be expected for any future period.

	Three months ended 31 March	
	2017	2016
	(S\$'million)	(S\$'million)
Profit for the period	12.9	15.9
Adjusted profit for the period (“Adjusted Profit”) ⁽¹⁾	10.1	8.3

Note:

- (1) Adjusted Profit excludes government grants and subsidies received in 1Q2016 and 1Q2017 respectively, and professional fees for the Offering paid in 1Q2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In line with our expectations on the announced reduction in co-funding of WCS, the amount of after-tax government grants and subsidies received declined by 51.3% to S\$3.7 million in 1Q2017 from S\$7.6 million in 1Q2016. Professional fees of S\$0.9 million for the Offering were also paid in 1Q2017. These contributed to the decline in profit for the period by 18.9% to \$12.9 million in 1Q2017 from \$15.9 million in 1Q2016, and were partially offset by improvement in business performance, as reflected in Adjusted Profit increasing by 22.9% to S\$10.1 million in 1Q2017 from S\$8.3 million in 1Q2016. As approximately 80.5% of government grants and subsidies for FY2016 were received in 1Q2016, the financial impact of the decline in government grants and subsidies is expected to be significantly lower for remaining quarters of FY2017.

Revenue and gross profit for 1Q2017 increased from 1Q2016 at rates that are generally consistent with the FY2014 to FY2016 CAGR for revenue and gross profit.

CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

We have not made any material change in our accounting policies during the Period Under Review.

See note 2 to our combined financial statements included in Appendix A to this Prospectus for a discussion on our adoption of recent accounting pronouncements and additional accounting pronouncements that are relevant to us and have been issued but are not yet effective.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Interest Rate Risk

Our exposure to interest rate risk for changes in interest rates relates primarily to the interest income generated by excess cash deposited in banks. However, such impact is not expected to be significant. As of 31 December 2016, we had cash and restricted cash totalling S\$106.1 million. Restricted cash consists of advance deposits from our customers.

We do not hold or issue derivative financial instruments for hedging and speculative purposes.

Credit Risk

In our management of credit risk, we practice stringent credit review and set counterparty credit limits. We place our cash and fixed deposits with credit-worthy financial institutions in the countries in which we operate. We do not have any significant concentration of credit risk relating to accounts receivable as our customer base is large and unrelated. The carrying amount of financial assets recorded in the combined financial statements, net of any allowances for losses, represents our maximum exposure to credit risk.

Foreign Exchange Risk

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our foreign currency exposures arise mainly from the exchange rate movements in cash assets held in currencies other than the respective functional currencies of the relevant Group entities holding such cash assets.

We monitor our net exposure to foreign currency risk to ensure that it remains insignificant.

We have not used any forward contracts or currency borrowings to hedge our exposure to foreign currency risk.

INFLATION

Although we have not been materially and adversely affected by inflation in the past, we can provide no assurance that we will not be affected in the future by higher rates of inflation in the jurisdictions in which we operate. Certain operating costs and expenses, such as employee compensation and office operating expenses (but also our revenue) would be expected to increase as a result of higher inflation. Additionally, because a substantial portion of our assets consists of cash, high inflation could significantly reduce the value and purchasing power of these assets.

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

CORPORATE REORGANISATION

Our Group was formed with our corporate history as set out in the section entitled “Business – History” of this Prospectus. Prior to the registration of this Prospectus, our Group undertook a Restructuring Exercise pursuant to which we simplified our group structure in preparation for the Listing, save that the Initial Acquisition of the 88GLOW Plan is expected to be completed as soon as practicable after the date of the Listing. The Restructuring Exercise involved or, as the case may be, will involve the following:

(a) Incorporation of our Company

Our Company was incorporated on 21 September 2016 in Singapore in accordance with the Companies Act as a private company limited by shares with an issued and paid-up share capital of S\$3.00 comprising three Shares held by Peter Sim, Nelly Sim and JS Sim.

(b) Sale of shares in our Company to SIMCO Ltd by Peter Sim, Nelly Sim and JS Sim

On 9 October 2016, Peter Sim, Nelly Sim and JS Sim collectively sold three Shares representing the entire issued and paid-up share capital of our Company to SIMCO Ltd, for a total cash consideration of S\$3.00.

Please see the section entitled “Share Capital and Shareholders” of this Prospectus for further details on SIMCO Ltd.

(c) Sale of shares in Recruit Express to our Company by HRnet One, PIH and JS Sim

Pursuant to a sale and purchase agreement dated 11 November 2016 entered into between our Company, HRnet One (which was owned by PIH and JS Sim at the material time), PIH (which was owned by Peter Sim, Nelly Sim and Aviel Sim at the material time) and JS Sim, HRnet One, PIH and JS Sim collectively sold 1,850,000 shares representing 92.5% of the issued and paid-up share capital of Recruit Express to our Company for a consideration of S\$4,882,792.16, S\$8,951,785.63 and S\$16,275,973.87 respectively, representing 15.0%, 27.5% and 50.0% of the shareholding of Recruit Express respectively. The total consideration was arrived at on a willing buyer willing seller basis and based on the unaudited NAV of Recruit Express of approximately S\$32,551,947.74 as at 30 September 2016 after the interim dividend declarations of an aggregate amount of approximately S\$14.0 million by Recruit Express on 30 September 2016.

The purchase consideration was satisfied by (i) the allotment and issue of an aggregate of 564,404,430 Shares in the capital of our Company to SIMCO Ltd as nominee for PIH and JS Sim, at an issue price of S\$0.044698 per Share, credited as fully paid-up; and (ii) the issue of a promissory note for the amount of S\$4,882,792.16 owing by our Company to HRnet One (the “**Listco Note**”).

Pursuant to an assignment dated 11 November 2016 entered into between HRnet One and SIMCO Ltd, HRnet One assigned, transferred and conveyed to SIMCO Ltd any and all of its rights, title and interest in and to the Listco Note. In exchange for the assignment of the Listco Note, SIMCO Ltd issued to HRnet One a promissory note dated 11 November 2016 for the principal amount of S\$4,882,792.16 (the “**SIMCO Note**”).

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

On 11 November 2016, our Company issued 109,239,567 Shares at an issue price of S\$0.044698 for each Share to SIMCO Ltd to settle its Listco Note. On 11 November 2016, PIH and JS Sim, on behalf of SIMCO Ltd, paid S\$4,882,792.16 to HRnet One to settle the SIMCO Note.

Although the transaction had been negotiated at a non-arm's length basis as our Company was wholly-owned by SIMCO Ltd at the relevant time, such transaction was not prejudicial to our Group and/or our minority Shareholders following our Listing in view that the total consideration for the sale of share capital in Recruit Express to our Company was arrived at on a willing buyer willing seller basis and based on the unaudited NAV of Recruit Express of approximately S\$32,551,947.74 as at 30 September 2016 after the interim dividend declarations of an aggregate amount of approximately S\$14.0 million by Recruit Express on 30 September 2016.

(d) Sale of shares in HRnet One to our Company by PIH and JS Sim

Pursuant to a sale and purchase agreement dated 11 November 2016 entered into between our Company, PIH and JS Sim. PIH and JS Sim collectively sold 2,000,000 shares representing the entire issued and paid-up share capital of HRnet One to our Company for a consideration of S\$1,962,450.28 and S\$1,450,506.72 respectively, representing 57.5% and 42.5% of the shareholding of HRnet One respectively. The total consideration was arrived at on a willing buyer willing seller basis and based on the unaudited NAV of HRnet One of approximately S\$3,412,957 as at 30 September 2016 after the interim dividend declarations of an aggregate amount of approximately S\$20.4 million by HRS on 30 September 2016.

The purchase consideration was satisfied by the allotment and issue of an aggregate of 76,356,000 Shares in the capital of our Company to SIMCO Ltd as nominee for PIH and JS Sim, at an issue price of S\$0.044698 per Share, credited as fully paid-up.

Although the transaction had been negotiated at a non-arm's length basis as our Company was wholly-owned by SIMCO Ltd at the relevant time, such transaction was not prejudicial to our Group and/or our minority Shareholders following our Listing having regard to the total consideration was arrived at on a willing buyer willing seller basis and based on the unaudited NAV of HRnet One of approximately S\$3,412,957 as at 30 September 2016 after the interim dividend declarations of an aggregate amount of approximately S\$20.4 million by HRS on 30 September 2016.

(e) Investment by Vanda 1

Pursuant to an investment agreement dated 21 October 2016 entered into between our Company, SIMCO Ltd and Vanda 1, our Company issued an aggregate of 17,734,671 ordinary shares representing 2.31% of the then-prevailing issued share capital of our Company on a fully diluted basis, for a consideration of an aggregate sum of S\$15,000,000. Please refer to the section entitled "Share Capital and Shareholders – Shareholders" of this Prospectus for more details on Vanda 1 and the Top-up Issuance.

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

(f) Incorporation of HRnet Holdings (HK) and sale of shares in HRnet One (Hong Kong) to HRnet Holdings (HK) by Peter Sim and Nelly Sim

HRnet Holdings (HK) was incorporated on 3 January 2017 in Hong Kong as a wholly-owned subsidiary of HRnet One. In March 2017, Peter Sim and Nelly Sim collectively sold 1,000,000 shares representing the entire issued and paid-up share capital of HRnet One (Hong Kong) to HRnet Holdings (HK) for a total cash consideration of HK\$2.00.

Although the transaction had been negotiated at a non-arm's length basis as HRnet Holdings (HK) was majority owned by SIMCO Ltd at the relevant time, such transaction was not prejudicial to our Group and/or our minority Shareholders following our Listing in view that the cash consideration of HK\$2.00 was determined after taking into account that HRnet Holdings (HK) was a newly incorporated company at the relevant point in time.

(g) Streamlining of certain dormant/non-material entities

HSB

Peter Sim and Nelly Sim hold, in aggregate, 100,000 shares in the capital of HSB (representing the entire issued share capital of HSB) on bare trust for HRnet One. As HSB had ceased operations in recruitment and personnel placement operations since 2001 and had ceased to be an investment holding company since August 2016, HRnet One instructed Peter Sim and Nelly Sim to apply for members' voluntary liquidation, and in this connection, RSM Corporate Advisory (Malaysia) Sdn Bhd had been appointed as the private liquidator on 29 December 2016. As at the Latest Practicable Date, the members' voluntary liquidation of HSB has not been completed and subject to all relevant approvals being obtained by the relevant authorities for the members' voluntary liquidation, the members' voluntary liquidation is currently expected to be completed by the first half of 2018.

HRnet One Consulting (Malaysia)

On 30 December 2016, HRnet One and Roger Tan Kim Meng (collectively, "**Vendors**") (who held 87.5% and 12.5% of the issued share capital of HRnet One Consulting (Malaysia), respectively) entered into a sale and purchase agreement with unrelated third parties (the ("**Purchasers**"), pursuant to which the Vendors collectively agreed to sell 400,000 shares representing the entire issued and paid-up share capital of HRnet One Consulting (Malaysia), which had ceased business operations since 23 December 2016, to the Purchasers for such amount as may be realised by the Purchasers from the liquidation of the pre-existing assets of HRnet One Consulting (Malaysia), to be satisfied by a promissory note issued by the Purchasers to the Vendors. The total consideration was arrived at on a willing buyer willing seller basis. The disposal was completed in January 2017.

Recruit Legal (Singapore)

Recruit Legal (Singapore) was incorporated on 15 May 2007 in Singapore with an issued and paid-up share capital of S\$2.00 comprising two shares held by Peter Sim and JS Sim. Recruit Legal (Singapore) is currently dormant and on 28 November 2016, Peter Sim and JS Sim collectively sold the entire issued and paid-up share capital of Recruit Legal (Singapore) to our subsidiary, Recruit Express, for a total cash consideration of S\$2.00.

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

Although the transaction had been negotiated at a non-arm's length basis as Recruit Express was majority owned by SIMCO Ltd at the relevant time, such transaction was not prejudicial to our Group and/or our minority Shareholders following our Listing having regard to the fact that the cash consideration of S\$2.00 was determined after taking into account that Recruit Legal (Singapore) was dormant at the relevant point in time.

(h) Internal restructuring of Malaysian entities

HRnet One (Malaysia)

On 19 April 2017, the issued share capital of HRnet One (Malaysia) was restructured to include new preference shares whereby (i) HRnet One holds 80 preference shares in addition to its pre-existing holding of 574,438 ordinary shares, representing 49.00% in aggregate of the issued share capital of HRnet One (Malaysia); (ii) Roger Tan Kim Meng holds 10 preference shares in addition to his pre-existing holding of 480,652 ordinary shares, representing 41.00% in aggregate of the issued share capital of HRnet One (Malaysia); and (iii) Daniel Choong Seng Kong holds 10 preference shares in addition to his pre-existing holding of 117,232 ordinary shares, representing 10.00% in aggregate of the issued share capital of HRnet One (Malaysia).

PeopleFirst

On 11 May 2017, the issued share capital of PeopleFirst was restructured to include new preference shares whereby (i) HRnet One holds 790 preference shares in addition to its pre-existing holding of 245,000 ordinary shares, representing 49.06% in aggregate of the issued share capital of PeopleFirst; (ii) Shawnie Soo Chia Hui holds 120 preference shares in addition to her pre-existing holding of 60,000 ordinary shares, representing 12.00% in aggregate of the issued share capital of PeopleFirst; and (iii) Roger Tan Kim Meng holds 90 preference shares in addition to his pre-existing holding of 195,000 ordinary shares, representing 38.94% in aggregate of the issued share capital of PeopleFirst.

APRE

On 19 April 2017, the issued share capital of APRE was restructured to include new preference shares and on 18 May 2017 certain share transfers were carried out to streamline the shareholding structure of APRE whereby (i) Goh Khim Yeen had transferred 87,500 ordinary shares to Recruit Express and (ii) JS Sim had transferred 62,500 ordinary shares to Recruit Express for a consideration of MYR1.00, and following the completion of such restructuring and share transfers, (a) Recruit Express holds 50 preference shares in addition to its holding of 150,000 ordinary shares, representing 25% in aggregate of the issued share capital of APRE; (b) Ng Man Sing holds 350,000 ordinary shares, representing 58.33% in aggregate of the issued share capital of APRE; and (c) Goh Khim Yeen holds 10 preference shares in addition to her holding of 100,000 ordinary shares, representing 16.67% in aggregate of the issued share capital of APRE.

Ng Man Sing is in the process of transferring 144,000 ordinary shares and 206,000 ordinary shares to Recruit Express and Yong Kian Fung, respectively, and following the completion of these share transfers, which are currently expected to take place by end June 2017, (i) Recruit Express will hold 50 preference shares and 294,000 ordinary shares, representing 49.00% in aggregate of the issued share capital of APRE; (ii) Yong Kian Fung will hold 206,000 ordinary shares, representing 34.33% in aggregate of the issued share capital of

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

APRE; and (iii) Goh Khim Yeen will hold 10 preference shares in addition to her holding of 100,000 ordinary shares, representing 16.67% in aggregate of the issued share capital of APRE.

The rationale for the corporate structure of each of APRE, HRnet One Malaysia and PeopleFirst is to enable the stakeholders of these entities to have an economic participation in the entities in the proportion agreed by such parties through the preference shares issued by these entities, while remaining in compliance with the applicable foreign shareholding limits of such jurisdictions. The corporate structure of these entities is in compliance with applicable laws and regulations governing the shareholding structure of such entities in Malaysia, as described below.

Under the Private Employment Agencies Act 1981 of Malaysia (“**PEA**”), the majority of the shares in the capital of a company carrying on the business of a private employment agency is required to be held by citizens of Malaysia. Our Company is of the view that the reference to shares in the capital of such a company would include all classes of ordinary or preference shares carrying different rights. Following the restructuring of APRE, HRnet One Malaysia and PeopleFirst, our Group’s interest in each of these entities is less than 50.0% of the issued share capital comprising both ordinary and preference shares, with the remaining ordinary and preference shares held by citizens of Malaysia, as described above.

Each of HRnet One (Malaysia), PeopleFirst and APRE is regarded as a subsidiary as our Group controls the composition of the board of directors of each of HRnet One (Malaysia), PeopleFirst and APRE. Please also refer to “– Corporate Structure” for further details on the rights of the preference shares issued by HRnet One (Malaysia), PeopleFirst and APRE.

Each of Roger Tan Kim Meng, Daniel Choong Seng Kong, Shawnie Soo Chia Hui, Goh Khim Yeen, Ng Man Sing and Yong Kian Fung is not related to the Directors or Controlling Shareholders, or Associate of the Directors or Controlling Shareholders.

(i) Proposed acquisition of shares, economic interests and deemed interests in certain of our subsidiaries and branches of our subsidiaries from the minority interest holders of such subsidiaries pursuant to the 88GLOW Plan

Our Company has implemented the 88GLOW Plan whereby selected employees were given the opportunity to continue to own shares or interests in certain operating subsidiaries or branches, together with an opportunity to swap their illiquid stakes in the operating subsidiaries or branches for Shares of our Company based on the relative valuations of the operating subsidiaries or branches at the relevant time of the swap. This model of co-ownership aligns the interests of these employees with our Group and motivates them to ensure the continuing success of our Group as a whole.

In this regard, our Company has entered into separate acquisition agreements (“**88GLOW Co-Owners’ Letters**”) with a total of 22 minority interest holders (the “**88GLOW Co-Owners**”), pursuant to which it will effect an initial swap of certain minority interests by acquiring (either directly or through a wholly-owned subsidiary) such minority interests in 20 of our subsidiaries held by the 88GLOW Co-Owners. Save for the 22 88GLOW Co-Owners and the Group Companies as disclosed below, our Company does not intend to enter into any 88GLOW Co-Owners’ Letter with any other person in respect of any other Group Companies. Such minority interests had, in line with our co-ownership model, been originally acquired as personal investments by these 88GLOW Co-Owners who had subscribed for or purchased the shares or economic interests of the relevant entities. The 88GLOW

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

Co-Owners' Letters also set out the framework pursuant to which the 88GLOW Co-Owners may offer their minority interests (to the extent such interests are not acquired pursuant to the Initial Acquisition) for acquisition by our Company in the future.

NOPs⁽¹⁾

- Aviel Sim (*Consulting Director – Hong Kong*);
- Daisy Tan (*CPO*);
- Jennifer Kang (*CFO*);
- Lorencz Tay⁽²⁾ (*Group Managing Director of PeopleSearch Entities*); and
- Ooi Sook Leng, Sophia (*Consulting Director – Hong Kong*).

OPs⁽¹⁾

- Angela Kwak Kyung Hwa (*Practice Leader – Seoul*);
- Adrian Chia Kwang Meng (*Key Account Director – Shanghai*);
- Asako Yoshii (*Senior Business Leader – Tokyo*);
- Bliss Tsai Chia Fang (*Key Account Director – Taipei/Guangzhou*);
- Catherine Yeow Pei Lean (*Group Business Leader – South Korea, Thailand and Singapore*);
- Daniel Choong Seng Kong (*Business Leader – Kuala Lumpur*);
- Dawnie Yuen Ming Hay (*Senior Practice Leader – Shanghai*);
- Goh Khim Yeen (*Country Manager – Malaysia*);
- Jacelyn Chua Meng Hoon (*Group Business Leader – Singapore*);
- Jared Ng Kian Ann (*Senior Business Leader-Hong Kong*);
- Kung Shih Chan (*Senior Practice Leader – Shanghai*);
- Lorencz Tay⁽²⁾ (*Group Managing Director of PeopleSearch Entities*);
- Madeline Wan (*Senior General Manager of HRnetOne Entities, Greater China & Japan*);
- Maverick Tan Mei Pin (*Business Leader – Guangzhou*);
- Ong Hui Yuan Vicki (*Country Director – Taiwan*);
- Roger Tan Kim Meng (*Group Business Leader – Malaysia*);

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

- Shawnie Soo Chia Hui (*Senior Business Leader – Kuala Lumpur*); and
- Steven Lim Meng Wee (*Group Business Leader – Taiwan*).

Notes:

- (1) The term “NOPs” refers to persons who are not involved in the day-to-day operations of the relevant subsidiaries and the term “OPs” refers to persons who are involved in the day-to-day operations of the relevant business units.
- (2) Lorencz Tay is a NOP with respect to HRnet One (Japan) and HRnet One (Taiwan) and an OP with respect to PeopleSearch, PeopleSearch (Hong Kong), PeopleSearch (Japan), PeopleSearch (Shanghai) and PeopleSearch (Taiwan).

Apart from Aviel Sim, who is the son of our Founding Chairman, Peter Sim, none of the above 88GLOW Co-Owners are Controlling Shareholders or Associates of Controlling Shareholders.

Initial Acquisition

In the Initial Acquisition, the minority interests held by the 88GLOW Co-Owners who are NOPs will be acquired entirely, while only 20% of the minority interests held by the 88GLOW Co-Owners who are OPs will be acquired, with the exception of two OPs who will not participate in the Initial Acquisition but who will provide a right of first refusal over 100% of their minority interests as described in “– Right of First Refusal” below. The remaining 80% of the minority interests held by the OPs which will be participating in the Initial Acquisition will be subject to a similar right of first refusal.

The following table sets out the minority interests to be acquired under the Initial Acquisition:

Subsidiary	Minority interest held by the 88GLOW Co-Owners before the Initial Acquisition	Minority interest held by the 88GLOW Co-Owners after the Initial Acquisition
<i>Minority interests acquired by our Company directly</i>		
Recruit Express ⁽¹⁾	7.50%	–
<i>Minority interests acquired by our Company through Recruit Express</i>		
APRE	16.67% of ordinary shares and 16.67% of preference shares	16.67% of ordinary shares and 13.33% of preference shares
Recruit Express Services (Malaysia)	16.67%	13.33%
Recruit Express (Taiwan)	10.00%	8.00%
<i>Minority interests acquired by our Company through HRnet One or its subsidiaries</i>		
HRnet One (Beijing)	20.00% ⁽²⁾	8.00% ⁽²⁾
HRnet One (Guangzhou) ⁽³⁾	30.00% ⁽²⁾	24.00% ⁽²⁾
HRnet One (Japan)	36.21%	14.42%
HRnet One (Malaysia) ⁽⁵⁾	51.00% ordinary shares and 20.00% preference shares	51.00% ordinary shares and 16.00% preference shares

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

Subsidiary	Minority interest held by the 88GLOW Co-Owners before the Initial Acquisition	Minority interest held by the 88GLOW Co-Owners after the Initial Acquisition
HRSH SPV	25.00%	20.00%
HRnet One (Shanghai) ⁽⁴⁾	25.00% ⁽²⁾	20.00% ⁽²⁾
HRnet One (South Korea) ⁽⁶⁾	25.00%	25.00%
HRnet One (Taiwan)	46.00%	16.00%
HRnet One (Thailand) ⁽⁶⁾	10.00%	10.00%
PeopleFirst	51.00% ordinary shares and 21.00% preference shares	51.00% ordinary shares and 16.80% preference shares
PeopleSearch	15.00%	12.00%
PeopleSearch (Hong Kong)	23.50% ⁽⁸⁾	18.80% ⁽⁸⁾
PeopleSearch (Japan)	15.00% ⁽⁹⁾	12.00% ⁽⁹⁾
PeopleSearch (Shanghai)	23.50%	18.80%
PeopleSearch (Taiwan)	40.00%	32.00%
RecruitFirst ⁽⁷⁾	35.00%	10.00%

Notes:

- (1) Recruit Express is a principal subsidiary of our Company.
- (2) The minority interests reflected refer to economic interests held by the relevant 88GLOW Co-Owners.
- (3) The operating results attributable to HRnet One (Shanghai) Guangzhou Branch shall be taken into account in calculating the consideration for the minority interests. References to minority interests held by the relevant 88GLOW Co-Owner in HRnet One (Guangzhou) would include a reference to the minority interests held by the relevant 88GLOW Co-Owner in HRnet One (Shanghai) Guangzhou Branch.
- (4) The operating results attributable to HRnet One (Shanghai) Guangzhou Branch shall be excluded in calculating the consideration for the minority interests. References to minority interests held by the relevant 88GLOW Co-Owner in HRnet One (Shanghai) would include a reference to the minority interests held by the relevant 88GLOW Co-Owner in HRnet One (Shanghai) Shanghai Branch.
- (5) HRnet One (Malaysia) was restructured to assume the business of HRnet One Consulting (Malaysia) with effect from 1 July 2016. Accordingly, the consideration for the minority interest to be acquired is computed based on the operating profits of HRnet One Consulting (Malaysia) for FY2014, FY2015 and the six months ended 30 June 2016; and that of HRnet One Consulting (Malaysia) for the six months ended 31 December 2016.
- (6) After taking into account the potential consideration for the acquisition of the minority interests pursuant to the Initial Acquisition, the 88GLOW Co-Owners of these entities have commercially agreed with our Group that they will not be offering their minority shares in such entities pursuant to the Initial Acquisition.
- (7) Aviel Sim, one of the 88GLOW Co-Owners of RecruitFirst, is the son of our Founding Chairman, Peter Sim. Accordingly, the acquisition by our Group of the minority interests of 20.0% held by Aviel Sim pursuant to the 88GLOW Plan (including acquisitions of such minority interests pursuant to any rights of first refusal thereunder) would constitute interested person transactions for the purposes of Chapter 9 of the Listing Manual. The consideration for such acquisition will be satisfied through the issue of 2,334,500 GLOW Initial Shares. The terms of the transaction had been negotiated at an arm's length basis. The acquisition of minority interests from Aviel Sim on or as soon as practicable after the Listing Date, and the issue of the relevant GLOW Initial Shares in consideration thereof will take place upon the successful transfer of the relevant minority interests to our Group.
- (8) For the purposes of the 88GLOW Plan, Lorencz Tay is the deemed holder of minority interest of 13.50% (prior to the Initial Acquisition) and 10.80% (assuming the completion of the Initial Acquisition) in this entity.
- (9) For the purposes of the 88GLOW Plan, Lorencz Tay is the deemed holder of minority interest of 15.00% (prior to the Initial Acquisition) and 12.00% (assuming the completion of the Initial Acquisition) in this entity.

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

Calculation of Consideration for the Minority Interests under the Initial Acquisition

For the Initial Acquisition, the consideration for the minority interests to be acquired by our Group is calculated on the basis of the following formulae:

- (a) Acquisitions from the 88GLOW Co-Owners who are NOPs:

$$C = (20\% \times (W \times H1 \times N)) + (80\% \times (W \times H2 \times N))$$

where:

C is the value of the consideration to be paid;

W is the weighted average of the operating profits per share or attributable to the relevant amount of economic interest of the relevant entity for the last three preceding financial years (taking a weightage of 40% for the operating profits per share or attributable to the relevant amount of economic interest for the latest preceding financial year and 30% for each of the two earlier preceding financial years);

H1 is the market capitalisation of our Company (based on the Offering Price per Share multiplied by the total number of issued Shares of our Company on the Listing Date) divided by S\$45.3 million (based on the audited profit for the year of our Company for FY2016, adjusted for the issuance of the maximum number of Shares pursuant to the Initial Acquisition and assuming that the Initial Acquisition is completed on 1 January 2016);

H2 is the historical price earnings Ratio (“**PER**”) of the relevant subsidiary for FY2016, as determined by a mutually agreed methodology based on, amongst other things, the relevant PER of listed companies and transactions in the recruitment services industry, after considering the profits of the relevant subsidiary and the relative scale and growth in operating profits of businesses and geographical factors, and discounted on the lack of marketability and minority stake; and

N is the proportion of shares or economic interests (as the case may be) of the relevant subsidiary to be acquired by our Group.

- (b) Acquisitions from 88GLOW Co-Owners who are OPs:

$$C = (20\% \times (W \times H1 \times N))$$

where:

C is the value of the consideration to be paid;

W is the weighted average of the operating profits per share or attributable to the relevant amount of economic interest of the relevant entity for the last three preceding financial years (taking a weightage of 40% for the operating profits per share or attributable to the relevant amount of economic interest for the latest preceding financial year and 30% for each of the two earlier preceding financial years);

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

H1 is the market capitalisation of our Company (based on the Offering Price per Share multiplied by the total number of issued Shares of our Company on the Listing Date) divided by S\$45.3 million (based on the audited profit for the year of our Company for FY2016, adjusted for the issuance of the maximum number of Shares pursuant to the Initial Acquisition and assuming that the Initial Acquisition is completed on 1 January 2016); and

N is the proportion of shares or economic interests (as the case may be) of the relevant subsidiary to be acquired by our Group.

The consideration for the Initial Acquisition will be satisfied through the issue of the GLOW Initial Shares, being new Shares at the Offering Price per new Share. The Initial Acquisition will take place on or as soon as practicable after the Listing Date, and the issue of the GLOW Initial Shares in consideration thereof will take place upon the successful transfer of the relevant minority interests to our Group. As such minority interests are in respect of entities in different jurisdictions, the transfers of minority interests, and the subsequent issuance of the relevant GLOW Initial Shares in consideration thereof, are expected to be undertaken in separate transactions occurring on or as soon as practicable after the Listing Date. The maximum aggregate number of GLOW Initial Shares to be issued in connection for the Initial Acquisition is 34,617,200.

Right of First Refusal

The terms of the 88GLOW Plan provide that our Group shall have a right of first refusal (the “**Right of First Refusal**”) over the remaining minority interests held by the participating OPs that are not acquired under the Initial Acquisition (“**Balance Shares**”). In this regard, an OP may at his discretion offer the Balance Shares to our Group at cumulative blocks (“**Qualified Blocks**”) as follows:

Period During Which An Offer Can Be Made	Maximum Number of Balance Shares That Can Be Offered For The Relevant Period
From the 3rd anniversary of the Listing Date to the date preceding the 4th anniversary of the Listing Date	1/8 of the Balance Shares
From the 4th anniversary of the Listing Date to the date preceding the 5th anniversary of the Listing Date	2/8 of the Balance Shares, less any Balance Shares already sold in the preceding period above
From the 5th anniversary of the Listing Date to the date preceding the 6th anniversary of the Listing Date	3/8 of the Balance Shares, less any Balance Shares already sold in the preceding periods above
From the 6th anniversary of the Listing Date to the date preceding the 7th anniversary of the Listing Date	4/8 of the Balance Shares, less any Balance Shares already sold in the preceding periods above
From the 7th anniversary of the Listing Date to the date preceding the 8th anniversary of the Listing Date	5/8 of the Balance Shares, less any Balance Shares already sold in the preceding periods above

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

Period During Which An Offer Can Be Made	Maximum Number of Balance Shares That Can Be Offered For The Relevant Period
From the 8th anniversary of the Listing Date to the date preceding the 9th anniversary of the Listing Date	6/8 of the Balance Shares, less any Balance Shares already sold in the preceding periods above
From the 9th anniversary of the Listing Date to the date preceding the 10th anniversary of the Listing Date	7/8 of the Balance Shares, less any Balance Shares already sold in the preceding periods above
From the 10th anniversary of the Listing Date onwards	Any remaining Balance Shares that continue to be held by the OP

Our Group will have the right of first refusal to acquire such Qualified Blocks of Balance Shares at the time of each offer being made to us by the relevant OP.

The consideration for any Qualified Blocks to be sold shall be on the basis of a mutually agreed PER based on, amongst other things, the profits and historical growth in profits of the relevant subsidiary, the relevant PER of listed companies and transactions in the recruitment services industry, after considering the relative scale and growth in operating profits of businesses and geographical risk factors, and discounted on the lack of marketability and minority stake, and will be determined by an independent professional valuer to be appointed by our Company. The valuation of all subsidiaries will be capped at the prevailing PER of our Company based on the 90-day volume-weighted average price of our Company's Shares at the relevant time. This PER cap effectively ensures that the acquisition of the Qualified Blocks will not be earnings-dilutive to the Shareholders.

In the event the OP ceases to be employed by our Group, any remaining minority interests held by the OP which has not been released as a Qualified Block shall be acquired by our Group at a consideration equivalent to the net asset value attributable to the remaining minority interests based on the audited financial statements of the relevant subsidiary for the most recently completed financial year.

The consideration for the acquisition of Qualified Blocks of Balance Shares may be satisfied either through the issuance of new Shares of our Company and/or in cash. In the event that any new Shares are issued, the price of the new Shares will be based on the higher of (a) the 90-day volume-weighted average price of our Shares at the relevant time; and (b) any minimum price at which the Shares can be issued in accordance with the rules of the Listing Manual in reliance on the prevailing general share issue mandate in force at the relevant time and without requiring further specific approval of Shareholders. Our Group will record such acquisitions of Balance Shares as follows:

- Where our Group acquires any Balance Shares by issuance of new Shares, the relevant parent of the subsidiary would record the transaction as a debit to the line "Investment in Subsidiary" together with a credit to the line "Due to Parent Company". In this regard, our Company would also record the transaction as a debit to the line "Due from Relevant Parent" together with a credit to the line "Share Capital".
- Where our Group acquires any Balance Shares for a cash consideration, the relevant parent of the subsidiary would record the transaction as a debit to the line "Investment in Subsidiary" together with a credit to the line "Cash".

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

Moratorium

Under the rules of the 88GLOW Plan, any 88GLOW Co-Owner who receives consideration Shares under the Initial Acquisition amounting to a value exceeding S\$1 million based on the Offering Price of the Shares, will be subject to a moratorium in respect of the Shares in excess of S\$1 million. On every anniversary of the Offering, the moratorium in respect of such number of Shares amounting to a value of S\$1 million (fixed at the Offering Price) will be lifted, until the 10th anniversary when the moratorium on the balance of the Shares will be completely lifted. Such moratorium is a voluntary moratorium pursuant to the terms commercially agreed with the 88GLOW Co-Owner.

As an illustrative example, assuming an 88GLOW Co-Owner is issued Shares amounting to S\$4 million, the moratorium period will apply as follows:

At the Listing Date:	S\$3 million will be subject to moratorium
1st anniversary of the Listing Date:	Of the original S\$3 million, S\$2 million will continue to be subject to moratorium (with the moratorium in respect of S\$1 million lifted)
2nd anniversary of the Listing Date:	Of the original S\$3 million, S\$1 million will continue to be subject to moratorium (with the moratorium in respect of an additional S\$1 million (S\$2 million on a cumulative basis) lifted)
3rd anniversary of the Listing Date:	The moratorium in respect of the remaining S\$1 million is lifted.

Maximum Number of Shares Issuable

The terms of the 88GLOW Plan also provide that the total number of new Shares issued and to be issued under the 88GLOW Plan (including the new Shares to be issued in connection with the Initial Acquisition as well as future issuances of new Shares in connection with any Right of First Refusal) shall not exceed 20% of our Company's enlarged issued shares (excluding treasury shares) immediately following the completion of the Offering, the issue of the Cornerstone Shares, the Additional Shares (if any), the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares and the Top-up Issuance Shares, after adjusting for any subsequent rights issue, bonus issue, consolidation or subdivision of shares, provided that in the event that such maximum limit is reached, our Company may either pay for any acquisitions in cash or seek the specific approval of Shareholders for any further issuances of new Shares. The General Counsel of our Company, together with the CFO, will monitor the level of dilution arising from Share issuances under the 88GLOW Plan in order to ensure that such maximum limit is not breached. In addition to the requirements under the Listing Manual generally applicable to annual reports, our Company will also disclose in our annual reports following the Listing: (a) the number of Shares issued pursuant to the exercise by our Group of any Right of First Refusal for the relevant financial year; (b) the number of Shares that are available for issuance under the 88GLOW Plan as at the end of the relevant financial year; and (c) the balance number of Shares that are available for issuance under the 88GLOW Plan as at the end of the relevant financial year as a percentage of the total number of Shares that can be issued under the 88GLOW Plan, being 20% of our Company's enlarged issued shares

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

(excluding treasury shares) immediately following the completion of the Offering, the issue of the Cornerstone Shares, the Additional Shares (if any), the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares and the Top-up Issuance Shares, after adjusting for any subsequent rights issue, bonus issue, consolidation or subdivision of shares.

Please refer to the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Recent Developments” of this Prospectus for further details on the financial effects of the Initial Acquisition pursuant to the 88GLOW Plan.

Compliance with Listing Rules

For the avoidance of doubt, the 88GLOW Plan is, in essence, an acquisition exercise whereby our Group would acquire, and have the right of first refusal to acquire, the minority interests of the various selected 88GLOW Co-Owners, and is therefore not an employee incentive share scheme for the purposes of Part VIII, Chapter 8 of the Listing Manual. As the 88GLOW Co-Owners’ Letters have been entered into prior to the Listing, the Initial Acquisition will not be subject to the requirements under Part IV, Chapter 8 of the Listing Manual. However, the subsequent acquisitions of any Balance Shares pursuant to any Right of First Refusal being exercised by our Group after the Listing, may be satisfied either through the issuance of new Shares and/or in cash.

Any issuances of Shares pursuant to any Right of First Refusal being exercised by our Group after the Listing will be subject to the requirements under Chapter 8 of the Listing Manual and, where possible, will be made pursuant to a general share issue mandate in force at the relevant time. In the event that the share issuance limits under the general share issue mandate are insufficient to facilitate the issuance of the required number of Shares, our Company may either seek the specific approval of Shareholders for such issuance or satisfy the consideration in cash. In addition, such issuances of Shares will also be treated as issuances of shares for cash and will comply with Part IV, Chapter 8 of the Listing Manual. In addition to Chapter 8 of the Listing Manual, any acquisitions to be made pursuant to any Right of First Refusal from 88GLOW Co-Owners who are Controlling Shareholders or their Associates will also comply with Chapter 9 of the Listing Manual, including where necessary, any requirements under Chapters 8 and 9 of the Listing Manual to obtain the approval of Shareholders.

Investors, upon subscription of the Offering Shares, are deemed to have specifically approved (a) the proposed issuances of Shares under the 88GLOW Plan to Controlling Shareholders and their Associates; and (b) all future issuances of Shares under the 88GLOW Plan, including any issuances to be made pursuant to the exercise by our Group of any Right of First Refusal.

Please refer to “– Corporate Structure” below for details of our Group structure upon completion of the Restructuring Exercise.

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

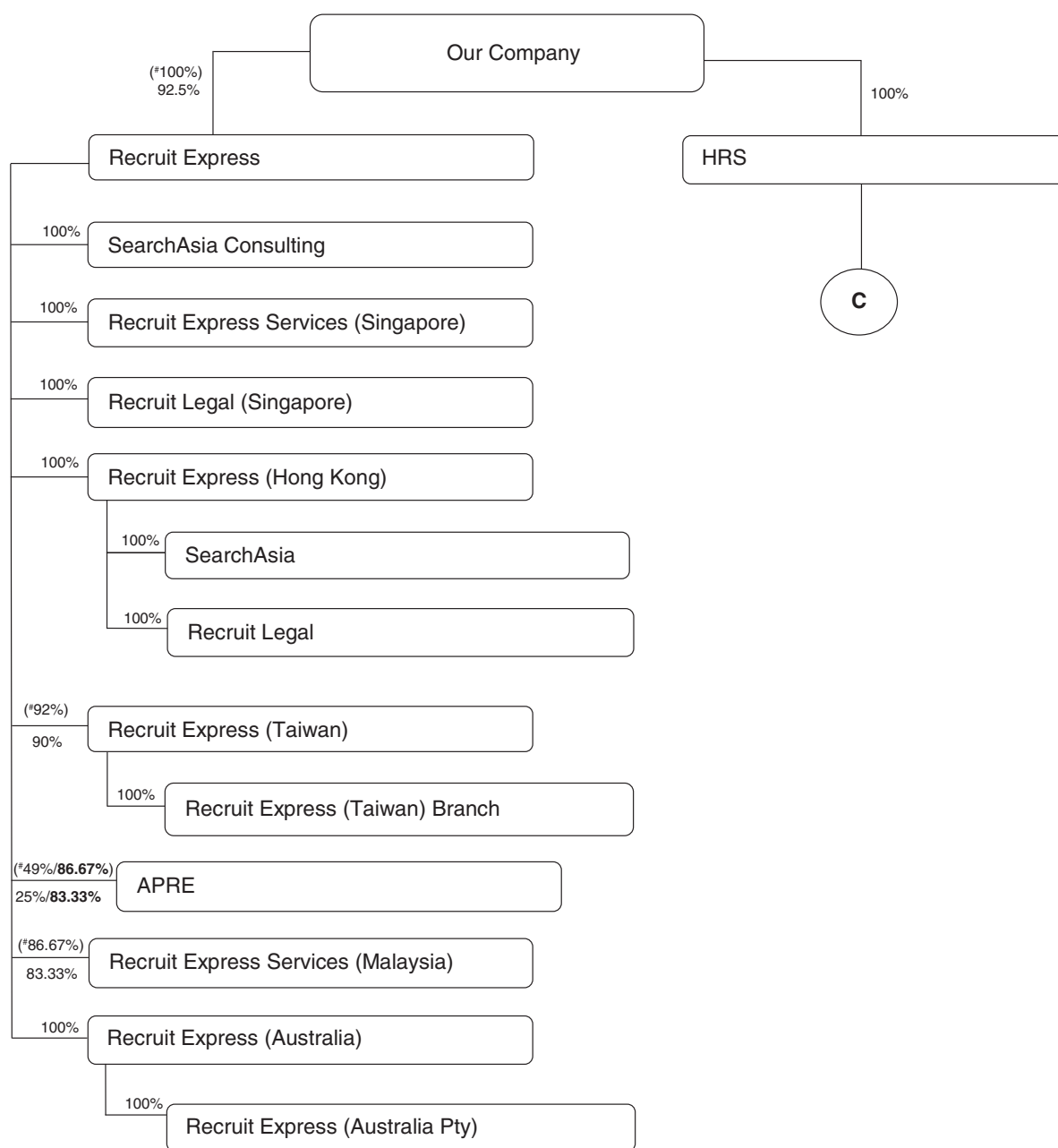
CORPORATE STRUCTURE

Our Group structure (i) as at the date of this Prospectus, and (ii) assuming the completion of the Initial Acquisition pursuant to the 88GLOW Plan (as denoted by #), is as follows:

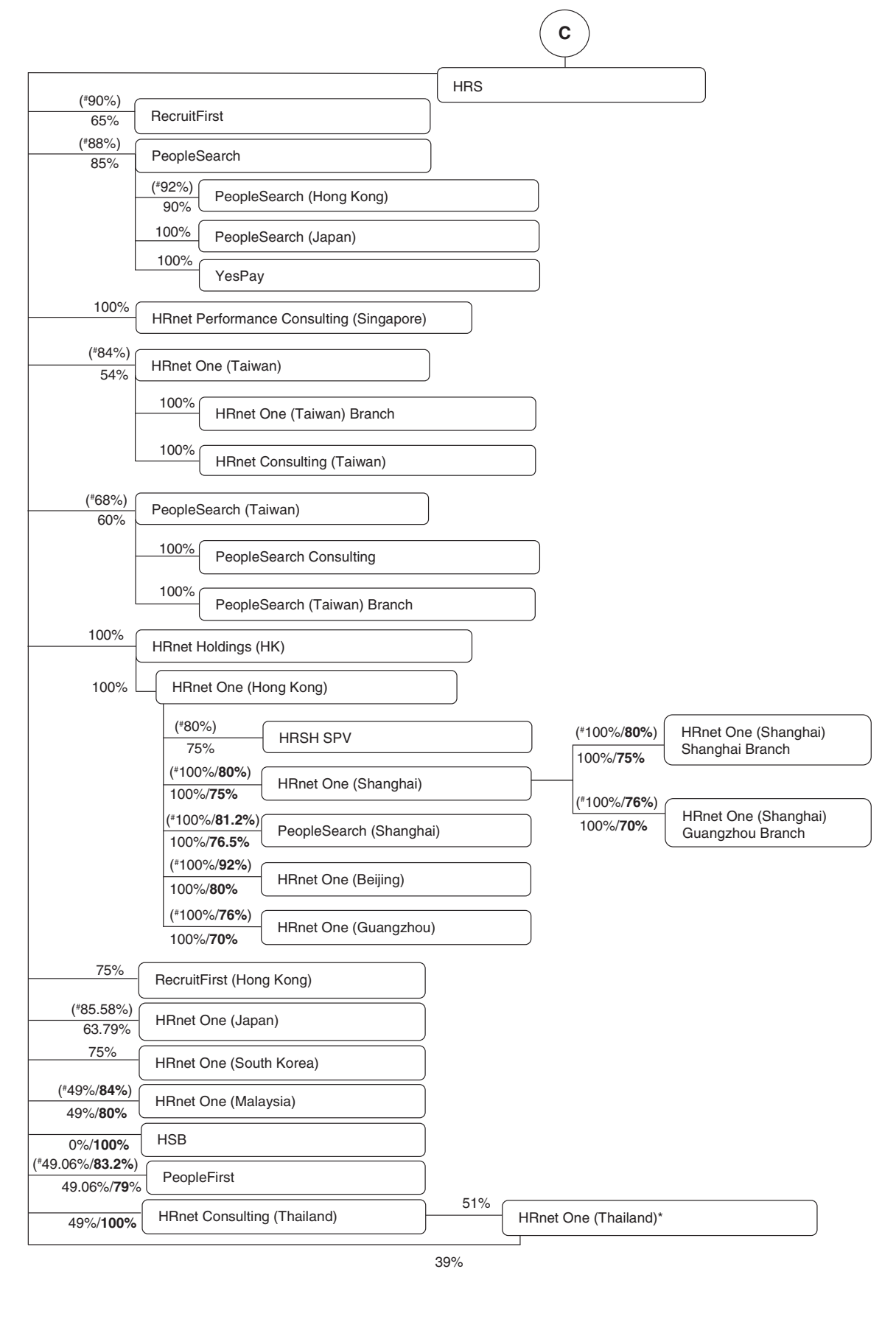
All percentages in bold refer to economic interest (only where the economic interest differs from the legal ownership of the shares) as elaborated below:

- in the case of APRE, HRnet One (Malaysia) and PeopleFirst, the percentage of economic interest is derived based on our Group's ownership of preference shares in such companies. Please also refer to footnote (2) of the table below for further details on the rights of preference shareholders, including preferential right to dividends. In contrast, the percentage of legal ownership of the shares is derived based on our Group's ownership of the total number of issued shares (both ordinary shares and preference shares) in such companies;*
- in the case of HRnet One (Shanghai), PeopleSearch (Shanghai), HRnet One (Beijing), HRnet One (Guangzhou), HRnet One (Shanghai) Shanghai Branch and HRnet One (Shanghai) Guangzhou Branch, the percentage of economic interest is derived based on our Group's economic participation in the relevant entities in the proportion agreed by our Group with the relevant stakeholders of such entities through the relevant 88GLOW Co-Owners' Letters. In contrast, the percentage of legal ownership of the shares is derived based on our Group's ownership of the equity interest in such entities;*
- in the case of HRnet Consulting (Thailand), the percentage of economic interest is derived based on our Group's control of the voting rights in the entity given that economic rights of shareholders are decided through a resolution passed by the shareholders by way of majority vote. Please also refer to footnote (3) of the table below for further details. In contrast, the percentage of legal ownership of the shares is derived based on our Group's ownership of the total number of issued shares (comprising both ordinary shares and preference shares) in such company; and*
- in the case of HSB, the percentage of economic interest is derived on the basis that the shares of HSB are held on bare trust for HRnet One by Peter Sim and Nelly Sim. In contrast, the percentage of legal ownership of the shares is derived based on our Group's legal ownership of the issued shares in such company.*

CORPORATE REORGANISATION AND CORPORATE STRUCTURE



CORPORATE REORGANISATION AND CORPORATE STRUCTURE



CORPORATE REORGANISATION AND CORPORATE STRUCTURE

The details of our subsidiaries and branches as at the date of this Prospectus are as follows:

Ownership interest ⁽⁹⁾				
Name	Country of Incorporation or Registration (for branches) and Principal Place of Business	Principal Business Activities	As at the date of this Prospectus	Assuming the completion of the Initial Acquisition pursuant to the 88GLOW Plan ⁽¹⁾
Held by our Company				
Recruit Express	Singapore	Employment, recruitment and personnel placement agency	Our interests: 92.5% Daisy Tan: 7.5%	Our interests: 100.0%
HRnet One	Singapore	Personnel recruitment and provision of human resources related services	Our interests: 100.0%	Our interests: 100.0%
Held by Recruit Express				
SearchAsia Consulting	Singapore	Employment, recruitment and personnel placement agency	Our interests: 100.0%	Our interests: 100.0%
Recruit Express Services (Singapore)	Singapore	Employment, recruitment and personnel placement agency	Our interests: 100.0%	Our interests: 100.0%
Recruit Legal (Singapore)	Singapore	The company is currently dormant and has no business operation	Our interests: 100.0%	Our interests: 100.0%
Recruit Express (Hong Kong)	Hong Kong	Operation of employment agency	Our interests: 100.0%	Our interests: 100.0%
Recruit Express (Taiwan) ⁽⁵⁾	Singapore	Personnel recruitment and provision of human resources related services; activities of head and regional head offices	Our interests: 90.0% Class A Shares	Our interests: 90.0% Class A Shares and 2.0% Class B Shares
			Ong Hui Yuan Vicki: 10.0% Class B Shares	Ong Hui Yuan Vicki: 8.0% Class B Shares

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

Ownership interest ⁽⁹⁾				
Name	Country of Incorporation or Registration (for branches) and Principal Place of Business	Principal Business Activities	As at the date of this Prospectus	Assuming the completion of the Initial Acquisition pursuant to the 88GLOW Plan ⁽¹⁾
APRE ⁽²⁾	Malaysia	Provision of exclusive and dedicated permanent recruitment and staffing services	Our interests: 25.0% of ordinary shares and 83.33% of preference shares, resulting in 25.0% of total number of issued ordinary and preference shares Ng Man Sing: 58.33% of ordinary shares, resulting in 58.33% of the total number issued ordinary and preference shares Goh Khim Yeen: 16.67% of ordinary shares and 16.67% of preference shares, resulting in 16.67% of the total number of issued ordinary and preference shares	Our interests: 49.0% of ordinary shares and 86.67% of preference shares, resulting in 49.0% of total number of issued ordinary and preference shares ⁽⁶⁾ Yong Kian Fung: 34.33% of ordinary shares, resulting in 34.33% of the total number issued ordinary and preference shares ⁽⁶⁾ Goh Khim Yeen: 16.67% of ordinary shares and 13.33% of preference shares, resulting in 16.67% of the total number of issued ordinary and preference shares
Recruit Express Services (Malaysia)	Malaysia	Provision of temporary and contractual staffing services	Our interests: 83.33% Goh Khim Yeen: 16.67%	Our interests: 86.67% Goh Khim Yeen: 13.33%
Recruit Express (Australia)	Singapore	The company is currently dormant and has no business operation	Our interests: 100.0%	Our interests: 100.0%
<u>Held by Recruit Express (Hong Kong)</u>				
SearchAsia	Hong Kong	The company is currently dormant and has no business operation	Our interests: 100.0%	Our interests: 100.0%
Recruit Legal	Hong Kong	The company is currently dormant and has no business operation	Our interests: 100.0%	Our interests: 100.0%

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

Ownership interest ⁽⁹⁾				
Country of Incorporation or Registration (for branches) and Principal Place of Business	Principal Business Activities	As at the date of this Prospectus	Assuming the completion of the Initial Acquisition pursuant to the 88GLOW Plan ⁽¹⁾	
<u>Branch of Recruit Express (Taiwan)</u>				
Recruit Express (Taiwan) Branch	Taiwan	Employment and agency services	Our interests: 100.0%	Our interests: 100.0%
<u>Held by Recruit Express (Australia)</u>				
Recruit Express (Australia Pty)	Australia	The company is currently dormant and has no business operation	Our interests: 100.0%	Our interests: 100.0%
<u>Held by HRnet One</u>				
RecruitFirst	Singapore	Human resource consultancy services	Our interests: 65.0% Jacelyn Chua Meng Hoon: 12.5% Aviel Sim: 20.0% Ooi Sook Leng, Sophia: 2.5%	Our interests: 90.0% Jacelyn Chua Meng Hoon: 10.0%
PeopleSearch	Singapore	Employment, recruitment and personnel placement agency	Our interests: 85.0% Lorencz Tay: 15.0%	Our interests: 88.0% Lorencz Tay: 12.0%
HRnet Performance Consulting (Singapore)	Singapore	The company is currently dormant and has no business operation	Our interests: 100.0%	Our interests: 100.0%
The company is also undergoing members' voluntary liquidation				
HRnet One (Taiwan)	Singapore	Head office of enterprises operating abroad; employment agencies	Our interests: 54.0% Madeline Wan: 20.0% Lorencz Tay: 26.0%	Our interests: 84.0% Madeline Wan: 16.0%
PeopleSearch (Taiwan)	Singapore	Head office of enterprises operating abroad; employment agencies	Our interests: 60.0% Lorencz Tay: 26.67% Lim Meng Wee: 13.33%	Our interests: 68.0% Lorencz Tay: 21.34% Lim Meng Wee: 10.66%

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

Ownership interest ⁽⁹⁾				
Name	Country of Incorporation or Registration (for branches) and Principal Place of Business	Principal Business Activities	As at the date of this Prospectus	Assuming the completion of the Initial Acquisition pursuant to the 88GLOW Plan ⁽¹⁾
HRnet Holdings (HK)	Hong Kong	Investment holding	Our interests: 100.0%	Our interests: 100.0%
RecruitFirst (Hong Kong)	Hong Kong	Operation of employment agency	Our interests: 75.0% Aviel Sim: 20.0% Ooi Sook Leng, Sophia: 5.0%	Our interests: 75.0% Aviel Sim: 20.0% Ooi Sook Leng, Sophia: 5.0%
HRnet One (Japan)	Japan	Management consultation services	Our interests: 63.79% Asako Yoshii: 8.03% Madeline Wan: 10.0% Lorencz Tay: 18.18%	Our interests: 85.58% Asako Yoshii: 6.42% Madeline Wan: 8.00%
HRnet One (South Korea)	South Korea	Provision of human capital management services	Our interests: 75.0% Catherine Yeow Pei Lean: 15.0% Angela Kwak Kyung Hwa: 10.0%	Our interests: 75.0% Catherine Yeow Pei Lean: 15.0% Angela Kwak Kyung Hwa: 10.0%
HRnet One (Malaysia) ⁽²⁾	Malaysia	Management training consulting activities	Our interests: 49.0% ordinary shares and 80.00% preference shares, resulting in 49.0% of total issued ordinary and preference shares Roger Tan Kim Meng: 41.0% ordinary shares and 10.0% preference shares, resulting in 41.0% of total issued ordinary and preference shares Daniel Choong Seng Kong: 10.0% ordinary shares and 10.0% preference shares, resulting in 10.0% of total issued ordinary and preference shares	Our interests: 49.0% ordinary shares and 84.0% preference shares, resulting in 49.0% of total issued ordinary and preference shares Roger Tan Kim Meng: 41.0% ordinary shares and 8.0% preference shares, resulting in 41.0% of total issued ordinary and preference shares Daniel Choong Seng Kong: 10.0% ordinary shares and 8.0% preference shares, resulting in 10.0% of total issued ordinary and preference shares

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

Ownership interest ⁽⁹⁾				
Name	Country of Incorporation or Registration (for branches) and Principal Place of Business	Principal Business Activities	As at the date of this Prospectus	Assuming the completion of the Initial Acquisition pursuant to the 88GLOW Plan ⁽¹⁾
HSB ⁽⁷⁾	Malaysia	The company is currently dormant and has no business operation. The company is also undergoing members' voluntary liquidation	Daniel Choong Seng Kong: 10.0% ordinary shares and 10.0% preference shares, resulting in 10.0% of total issued ordinary and preference shares Peter Sim: 99.999% Nelly Sim: 0.001%	Daniel Choong Seng Kong: 10.0% ordinary shares and 8.0% preference shares, resulting in 10.0% of total issued ordinary and preference shares Peter Sim: 99.999% Nelly Sim: 0.001%
PeopleFirst ⁽²⁾	Malaysia	Personnel recruitment agency	Our interests: 49.0% ordinary shares and 79.0% preference shares resulting in 49.06% of total issued ordinary shares and preference shares Roger Tan Kim Meng: 39.0% ordinary shares and 9.0% preference shares resulting in 38.94% of total issued ordinary and preference shares Shawnie Soo Hia Hui: 12.0% ordinary shares and 12.0% preference shares, resulting in 12.0% of total issued ordinary and preference shares	Our interests: 49.0% ordinary shares and 83.20% preference shares resulting in 49.06% of total issued ordinary shares and preference shares Roger Tan Kim Meng: 39.0% ordinary shares and 7.2% preference shares resulting in 38.94% of total issued ordinary and preference shares Shawnie Soo Hia Hui: 12.0% ordinary shares and 9.6% preference shares, resulting in 12.0% of total issued ordinary and preference shares

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

Ownership interest ⁽⁹⁾				
Name	Country of Incorporation or Registration (for branches) and Principal Place of Business	Principal Business Activities	As at the date of this Prospectus	Assuming the completion of the Initial Acquisition pursuant to the 88GLOW Plan ⁽¹⁾
HRnet Consulting (Thailand) ⁽³⁾	Thailand	Holding company	Our interests: 100.0% of ordinary shares and none of the preference shares representing 49.00% of the total number of ordinary and preference shares	Our interests: 100.0% of ordinary shares and none of the preference shares representing 49.0% of the total number of ordinary and preference shares
			Sanya Charoenwerakul: 50.0% of preference shares and none of the ordinary shares, representing 25.5% of the total number of ordinary and preference shares	Sanya Charoenwerakul: 50.0% of preference shares and none of the ordinary shares, representing 25.5% of the total number of ordinary and preference shares
			Orathai Piwpang: 50.0% of preference shares and none of the ordinary shares, representing 25.5% of the total number of ordinary and preference shares	Orathai Piwpang: 50.0% of preference share and none of the ordinary shares, representing 25.5% of the total number of ordinary and preference shares
Held by PeopleSearch				
PeopleSearch (Hong Kong)	Hong Kong	Operation of employment agency	Our interests: 90.0% Jared Ng Kian Ann: 10.0%	Our interests: 92.0% Jared Ng Kian Ann: 8.0%
PeopleSearch (Japan)	Japan	Employment recruitment and provision of human resources related services	Our interests: 100.0%	Our interests: 100.0%
YesPay ⁽⁸⁾	Singapore	The company is currently dormant and has no business operation	Our interests: 100.0%	Our interests: 100.0%

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

Ownership interest ^(e)				
Name	Country of Incorporation or Registration (for branches) and Principal Place of Business	Principal Business Activities	As at the date of this Prospectus	Assuming the completion of the Initial Acquisition pursuant to the 88GLOW Plan ⁽¹⁾
<u>Branch of, or as the case may be, held by HRnet One (Taiwan)</u>				
HRnet One (Taiwan) Branch	Taiwan	Employment and agency services	Our interests: 100.0%	Our interests: 100.0%
HRnet Consulting (Taiwan) ^(e)	Taiwan	The company is currently dormant and has no business operation	Our interests: 100.0%	Our interests: 100.0%
<u>Branch of, or as the case may be, held by PeopleSearch (Taiwan)</u>				
PeopleSearch Consulting ^(e)	Taiwan	The company is currently dormant and has no business operation	Our interests: 100.0%	Our interests: 100.0%
PeopleSearch (Taiwan) Branch	Taiwan	Employment, recruitment and personnel placement agency	Our interests: 100.0%	Our interests: 100.0%
<u>Held by HRnet Holdings (HK)</u>				
HRnet One (Hong Kong)	Hong Kong	Operation of employment agency	Our interests: 100.0%	Our interests: 100.0%
<u>Held by HRnet One (Hong Kong)</u>				
HRSH SPV	Hong Kong	Investment holding	Our interests: 75.0% Madeline Wan: 15.0% Adrian Chia Kwang Meng: 5.0% Dawnie Yuen Ming Hay: 5.0%	Our interests: 80.0% Madeline Wan: 12.0% Adrian Chia Kwang Meng: 4.0% Dawnie Yuen Ming Hay: 4.0%

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

Ownership interest ⁽⁹⁾				
Name	Country of Incorporation or Registration (for branches) and Principal Place of Business	Principal Business Activities	As at the date of this Prospectus	Assuming the completion of the Initial Acquisition pursuant to the 88GLOW Plan ⁽¹⁾
HRnet One (Shanghai) ⁽⁴⁾	PRC	Personnel recruitment and provision of human resources related services	Our equity interests: 100.00%/ economic interests: 75.00% Madeline Wan: economic interests of 15.0% Adrian Chia Kwang Meng: economic interests of 5.0% Dawnie Yuen Ming Hay: economic interests of 5.0%	Our equity interests: 100.00%/ economic interests: 80.00% Madeline Wan: economic interests of 12.0% Adrian Chia Kwang Meng: economic interests of 4.0% Dawnie Yuen Ming Hay: economic interests of 4.0%
PeopleSearch (Shanghai) ⁽⁴⁾	PRC	Personnel recruitment and provision of human resources related services	Our equity interests: 100.00%/ economic interests: 76.50% Lorenz Tay: economic interests of 13.5% Kung Shih Chan: economic interests of 10.0%	Our equity interests: 100.00%/ economic interests: 81.20% Lorenz Tay: economic interests of 10.8% Kung Shih Chan: economic interests of 8.0%
HRnet One (Beijing) ⁽⁴⁾	PRC	Personnel recruitment and provision of human resources related services	Our equity interests: 100.00%/ economic interests: 80.00% Madeline Wan: economic interests of 10.0% Jennifer Kang: economic interests of 10.0%	Our equity interests: 100.0%/ economic interests: 92.0% Madeline Wan: economic interests of 8.0%

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

Ownership interest ⁽⁹⁾				
Name	Country of Incorporation or Registration (for branches) and Principal Place of Business	Principal Business Activities	As at the date of this Prospectus	Assuming the completion of the Initial Acquisition pursuant to the 88GLOW Plan ⁽¹⁾
HRnet One (Guangzhou) ⁽⁴⁾	PRC	Personnel recruitment and provision of human resources related services	Our equity interests: 100.00%/ economic interests: 70.00% Madeline Wan: economic interests of 10.0% Maverick Tan Mei Pin: economic interests of 10.0% Bliss Tsai Chia Fang: economic interests of 10.0%	Our equity interests: 100.0%/ economic interests: 76.0% Madeline Wan: economic interests of 8.0% Maverick Tan Mei Pin: economic interests of 8.0% Bliss Tsai Chia Fang: economic interests of 8.0%
Branches of HRnet One (Shanghai)				
HRnet One (Shanghai) Shanghai Branch ⁽⁴⁾	PRC	The branch has no business operation	Our economic interests: 75.00% Madeline Wan: economic interests of 15.0% Adrian Chia Kwang Meng: economic interests of 5.0% Dawnie Yuen Ming Hay: economic interests of 5.0%	Our economic interests: 80.0% Madeline Wan: economic interests of 12.0% Adrian Chia Kwang Meng: economic interests of 4.0% Dawnie Yuen Ming Hay: economic interests of 4.0%
HRnet One (Shanghai) Guangzhou Branch ⁽⁴⁾	PRC	The branch has no business operation	Our economic interests: 70.00% Madeline Wan: economic interests of 10.0% Maverick Tan Mei Pin: economic interests of 10.0% Bliss Tsai Chia Fang: economic interests of 10.0%	Our economic interests: 76.0% Madeline Wan: economic interests of 8.0% Maverick Tan Mei Pin: economic interests of 8.0% Bliss Tsai Chia Fang: economic interests of 8.0%

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

Ownership interest ⁽⁹⁾			
Name	Country of Incorporation or Registration (for branches) and Principal Place of Business	Principal Business Activities	As at the date of this Prospectus
			Assuming the completion of the Initial Acquisition pursuant to the 88GLOW Plan ⁽¹⁾
Held by HRnet Consulting (Thailand)			
HRnet One (Thailand)	Thailand	Recruitment services	Our interests (comprising of 51.00% interest held by HRnet Consulting (Thailand) and 39.00% interest held by HRnet One): 90.0% Catherine Yeow Pei Lean: 10.0%
			Catherine Yeow Pei Lean: 10.0%

Apart from Aviel Sim, who is the son of our Founding Chairman, Peter Sim, none of the above stakeholders is related to the Directors or Controlling Shareholders, or Associate of the Directors or Controlling Shareholders.

Notes:

- (1) Please see section entitled “– Corporate Reorganisation – Proposed acquisition of shares, economic interests and deemed interests in certain of our subsidiaries and branches from the minority interest holders of such subsidiaries and branches pursuant to the 88GLOW Plan” for more details on the 88GLOW Plan.
- (2) The rights of the preference shares issued by HRnet One (Malaysia), PeopleFirst and APRE are set out as follows:
- (a) preference shares do not carry any right to vote at general meetings of the relevant company (including the annual general meetings of the company) save for any resolution which varies the rights attached to such preference shares;
 - (b) preference shares shall rank *pari passu* among themselves and in priority with respect to dividend distributions and capital repayments to ordinary shares;
 - (c) preference shareholders shall be entitled to receive, prior and in preference to all other shareholders, any dividends declared by the relevant company;
 - (d) preference shareholders shall be entitled to transfer (whether by way of a share swap or for other consideration), sell or otherwise dispose their shares to other parties freely, provided always that the transfer of preference shares by a holder (other than Recruit Express or HRnet One, as the case may be) is subject to the approval of Recruit Express or HRnet One, as the case may be;
 - (e) preference shareholders shall be entitled to require the relevant company to reduce the capital represented by the preference shares or carry out such capital reduction exercise, under prevailing laws, and to require the relevant company to pay all returns from such capital being reduced to the preference shareholders, by the giving of a notice in writing to the relevant company, provided always that the reduction of capital represented by any preference shares of a holder (other than Recruit Express or HRnet One, as the case may be) is subject to the approval of Recruit Express or HRnet One, as the case may be;
 - (f) such preference shares shall not be convertible into ordinary shares;

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

- (g) subject to prevailing laws, upon the liquidation, dissolution or winding up of the relevant company (either voluntary or involuntary), preference shareholders shall be entitled to receive, prior and in preference to, all other shareholders:
- (i) any repayment of the capital paid up on those shares;
 - (ii) any distribution of any assets and profits of the relevant company;
 - (iii) declared but unpaid dividends; and
 - (iv) default interests (if any) accrued thereon.

The balance of the surplus assets available for distribution shall be distributed to the preference shareholders to the exclusion of any other shareholders; and

- (h) preference shareholders shall be entitled to redeem the whole or part of the preference shares at the initial issue price together with all accumulated but unpaid dividends, provided always that the redemption of such preference shares by a holder (other than Recruit Express or HRnet One, as the case may be), is subject to the approval of Recruit Express or HRnet One, as the case may be.

HRnet One (Malaysia), PeopleFirst and APRE are regarded as subsidiaries as our Group controls the composition of the board of directors of each of HRnet One (Malaysia), PeopleFirst and APRE.

- (3) Five preference shares carry one voting right while each ordinary share carries one voting right. The ordinary shares held by HRnet One entitle it to 82.77% voting rights and economic rights are decided through a resolution passed by the shareholders by way of majority vote. Accordingly, as a shareholder with the majority of voting rights in HRnet Consulting (Thailand), HRnet One has control of the voting rights in HRnet Consulting (Thailand) and is accordingly able to control and determine the economic rights of shareholders in HRnet Consulting (Thailand). On this basis, HRnet One is entitled to 100% economic rights in HRnet Consulting (Thailand).
- (4) The percentage of economic interest is derived based on the relevant stakeholders' economic participation in the relevant entities in the proportion agreed by such persons through the relevant 88GLOW Co-Owners' Letters.
- (5) Holders of Class A Shares and Class B Shares shall be entitled to equal rights, save that (i) dividend rights in respect of Class A and Class B Shares shall be at the recommendation of directors of Recruit Express (Taiwan) from time to time; and (ii) holders of Class B Shares have no voting rights pertaining to the appointment and removal of the directors of Recruit Express (Taiwan). In addition, any provision in the constitution of Recruit Express (Taiwan) requiring shareholders' resolution to appoint or remove its directors shall not include and/or require the approval of holders of Class B Shares.
- (6) Assuming the completion of the transfer of 144,000 ordinary shares and 206,000 ordinary shares in the capital of APRE by Ng Man Sing to Recruit Express and Yong Kian Fung, respectively.
- (7) Peter Sim and Nelly Sim are holding the shares of HSB on bare trust for HRnet One.
- (8) May be de-registered or liquidated.
- (9) References to our interests in the table are references to the interests in the relevant entity or branch held directly by the immediate holding entity of the relevant entity or the parent entity of the relevant branch, as the case may be.

The minority interests (comprising equity interests or economic interests, as the case may be) in our partially-owned subsidiaries (and branches) are primarily held by our employees.

Malaysia

Assuming the completion of the acquisition of minority interests under the 88GLOW Plan, which involves the acquisition of preference shares (not ordinary shares), our Group's interest in each of HRnet One (Malaysia), PeopleFirst and APRE will be less than 50.0% of the issued share capital comprising both ordinary and preference shares, with the remaining ordinary and preference shares held by citizens of Malaysia.

For more information, please see the section entitled "– Corporate Reorganisation – (h) Internal restructuring of Malaysian entities".

PRC

The rationale for the corporate structure of each of HRnet One (Shanghai), PeopleSearch (Shanghai), HRnet One (Beijing) and HRnet One (Guangzhou) and their branches is to enable the stakeholders of these entities to have economic participation in the entities in the proportion agreed by such parties through the relevant 88GLOW Co-Owners' Letters, and such corporate structure is in compliance with applicable laws and regulations governing the shareholding structure of such entities in PRC, as described below.

CORPORATE REORGANISATION AND CORPORATE STRUCTURE

The Mainland and Hong Kong Closer Economic Partnership Agreement (“**CEPA**”) is a free trade agreement concluded by the Mainland China and Hong Kong. Only CEPA Service Provider Licence holders are able to be shareholders of wholly-owned foreign enterprises to provide recruitment services. HRnet One (Hong Kong) had applied and obtained the CEPA Service Provider Licence(s), and as a result, HRnet One (Hong Kong) was able to set up HRnet One (Beijing), HRnet One (Guangzhou), HRnet One (Shanghai) and PeopleSearch (Shanghai) as wholly-owned foreign enterprises.

The acquisition of the minority interests of the relevant co-owners pursuant to the 88GLOW Plan involve the acquisition of economic interests, and not the equity interests, in each of HRnet One (Shanghai), PeopleSearch (Shanghai), HRnet One (Beijing) and HRnet One (Guangzhou). Following such acquisitions, HRnet One (Hong Kong) will continue to hold 100% of the equity interest in each of HRnet One (Beijing), HRnet One (Guangzhou), HRnet One (Shanghai) and PeopleSearch (Shanghai) and accordingly, the corporate structure of each of HRnet One (Beijing), HRnet One (Guangzhou), HRnet One (Shanghai) and PeopleSearch (Shanghai) will remain in compliance with CEPA.

Thailand

The rationale for the corporate structure of HRnet One (Thailand) is to enable the relevant stakeholders to have economic participation in this entity in the proportion agreed by such parties, while remaining in compliance with the applicable foreign shareholding limits of such jurisdictions. The corporate structure of this entity is in compliance with applicable laws and regulations governing the shareholding structure of this entity in Thailand, as described below.

Under the Recruitment and Jobseeker Protection Act B.E. 2528 (A.D. 1985) (as amended) of Thailand (“**RPA**”), foreign participation in or ownership of recruitment business operations in Thailand is restricted. Any person who wishes to carry out a recruitment business in Thailand is required to obtain a domestic or overseas recruitment licence (as the case may be) from the Department of Employment of the Ministry of Labour of Thailand. HRnet One (Thailand), being the operating subsidiary that is carrying on domestic recruitment business operations, is required to hold a domestic recruitment licence. Pursuant to the RPA, applicants for the domestic recruitment licence are required to be of Thai nationality. Our Company is of the view that HRnet One (Thailand) is regarded as a Thai national on the basis that HRnet One (Thailand) is majority owned by HRnet Consulting (Thailand), which is in turn a company incorporated in Thailand with more than 50 per cent. of its total issued shares held by Thai individuals. In this regard, HRnet Consulting (Thailand) holds 51.0% of the total number of issued shares (being one class of ordinary shares in HRnet One (Thailand)).

The acquisition of the minority interests of the relevant co-owner pursuant to the 88GLOW Plan involves the acquisition of the equity interest held by a non-Thai national. Following such acquisitions, HRnet One (Thailand) will continue to be majority owned by HRnet Consulting (Thailand) and accordingly, the corporate structure of HRnet One (Thailand) will remain in compliance with the RPA.

BUSINESS

OVERVIEW

We are the largest Asia-based recruitment agency in Asia Pacific (excluding Japan), as compared to other key players within the professional recruitment and flexible staffing industry with presence in Asia Pacific, according to Frost & Sullivan. As at 31 December 2016, we operate in 10 Asian growth cities, namely, Singapore (where our headquarters are located), Kuala Lumpur, Bangkok, Hong Kong, Taipei, Guangzhou, Shanghai, Beijing, Tokyo and Seoul.

As at the Latest Practicable Date, we operate and manage our business primarily as two operating segments, namely flexible staffing and professional recruitment. Both segments serve close to 30 diversified sectors, covering a wide spectrum of industries, including financial institutions, retail and consumer, information technology and telecommunications, manufacturing, healthcare life science, insurance and logistics, and functions such as human resources, finance and accounting, and legal and compliance. We also offer other services, such as payroll processing, HR consulting and corporate training.

As at 31 December 2016, we counted over 2,000 clients, including 104 Fortune 500 clients, as part of our client base. Our clients include Samsung Asia, Master Kong, Bundwealth, Seibu Holdings, Olympus, Fubon Bank, Gardens by the Bay and Acer.

We have demonstrated a track record of strong organic growth, having grown from operating 17 business units with 426 permanent employees as at 31 December 2006 to operating 24 business units with 838 permanent employees of 22 nationalities as at 31 December 2016. Our revenue has grown from S\$94 million⁽¹⁾ in FY2006 to S\$365 million in FY2016 and our net profit has grown from S\$9 million⁽¹⁾ in FY2006 to S\$48 million in FY2016. To date, our growth has been driven by our excellent operational execution and solid business infrastructure of established systems, processes and organisational culture that strives to cultivate core values of diligence, discipline and integrity.

Note:

- (1) This represents an aggregation of revenues or, as the case may be, net profit of our Group Companies with different financial year ends. For 2016, 2015 and 2014, this was prepared on the basis of the financial statements of our Group Companies for the financial year ended 31 December. For 2013 and the years preceding 2013, this was prepared on the basis of the financial statements of HRnet One and its subsidiaries, which financial statements were for the financial year ended 30 June and Recruit Express and its subsidiaries, which financial statements were for the financial year ended 31 March.

Our Brands

We provide professional recruitment services primarily under our “HRnet One”, “PeopleSearch”, “PeopleFirst” and “SearchAsia” brands and flexible staffing solutions primarily under our “Recruit Express” and “RecruitFirst” brands.

We have developed our multi-brand approach over many years for various reasons such as specialising in a particular business segment and establishing overseas presence under a new brand. For example, “Recruit Express” was formed to specialise in providing flexible staffing services and “PeopleSearch” was initially launched in Taipei to establish success-based search services. The majority of our brands has evolved out of our Group’s existing businesses in response to growth opportunities that our Group elected to pursue.

BUSINESS

The unique positioning of some of our key brands is as follows:

Brand	Tagline/Positioning	Location
HRnetOne	<p><i>We Complete The People Solution</i></p> <p>Flagship brand with more than 24 years of organisation building. Process and methodology driven. Leverages strongly on relationship and trust in providing solutions in talent acquisition, talent retention to talent management and development.</p>	Ten cities: Singapore, Kuala Lumpur, Bangkok, Hong Kong, Taipei, Guangzhou, Shanghai, Beijing, Seoul and Tokyo.
Recruit Express	<p><i>We help our candidates find good jobs and our clients succeed in business</i></p> <p>More than 20 years in the business of managing a large candidate base of all levels of seniority for permanent, contract and temporary roles.</p>	Four cities: Singapore, Kuala Lumpur, Hong Kong and Taipei.
PeopleSearch PeopleFirst	<p><i>Elevating Lives. Impacting Businesses</i></p> <p>More than 16 years in success-based search for middle to senior level positions. Candidate-centric approach and sharpness in ascertaining client's strategic intent results for speedy delivery. Awarded Business Superbrands in 2012, 2013 and 2014.</p>	Six cities: Singapore, Kuala Lumpur, Hong Kong, Taipei, Shanghai and Tokyo.
SearchAsia	<p><i>Procuring Talent, Managing Careers</i></p> <p>Close to 10 years in offering premium and tailored recruitment services. Client-centric consulting approach to ensure the best job matches within a diversified spectrum of industries. In 2016, ranked 25 out of the 50 Fastest Growing Companies in Singapore based on outstanding growth in CAGR by DP Information Group.</p>	Two cities: Singapore and Hong Kong.

BUSINESS

Brand	Tagline/Positioning	Location
RecruitFirst	<p><i>Better Jobs. Better People</i></p> <p>Launched in 2013, the brand operates flexible staffing and professional recruitment businesses, adopting a vibrant mode of operations using the rhythm of activities, performance metrics and best practices distilled from various Group brands over the last 24 years.</p>	Two cities: Singapore and Hong Kong.

Our other brands include:

Brand	Tagline/Positioning	Location
HRnet Performance Consulting	<p><i>Predict Success, Inspire Performance</i></p> <p>More than 16 years in providing consultancy services and training through innovative programmes to organisations to optimise their performance so that they are empowered to deliver results.</p>	Two cities: Singapore and Kuala Lumpur.
Recruit Legal	<p><i>Managing Legal Careers, Procuring Legal Talents</i></p> <p>More than 11 years in placing candidates at leading international banks, financial institutions, Fortune 500 multinational companies, and global law firms.</p>	Two cities: Singapore and Hong Kong.
YesPay!	<p><i>Reward life everyday</i></p> <p>Provides HR and payroll solutions using a proprietary self-developed technological platform that provides a unified web-based service, delivering electronic pay-slips and other e-services to clients various types and industries across Asia.</p>	One city: Singapore.
Young Talent	<p><i>Be Young and Talented in our Careers</i></p> <p>Launched in 2015 to create a flexible staffing platform with an aim for millennials to launch and grow their careers.</p>	One city: Taipei.

BUSINESS

HISTORY

Our Group was founded by our founding chairman, Peter Sim when he first set up HRnet One in 1992. Our Company was incorporated in Singapore on 21 September 2016 under the Companies Act as a private limited company under the name “HRnetGroup Pte. Ltd.”. On 16 May 2017, our Company was converted into a public company limited by shares and changed its name to “HRnetGroup Limited”.

A summary of the significant events in our history is set out below:

Year	Event
1992	Established HRnet One to provide professional recruitment and flexible staffing services in Singapore.
1994	Expanded into Kuala Lumpur, Malaysia through HSB (then known as HRnet One Sdn. Bhd.) to provide recruitment and HR consulting services. HSB was subsequently restructured with its business transferred to HRnet One Consulting (Malaysia) in 2001. HRnet One Consulting (Malaysia) was subsequently restructured with its business transferred to HRnet One (Malaysia) in 2016.
1996	Incorporated Recruit Express in Singapore to specialise in providing flexible staffing services to our customers. Expanded into Hong Kong through HRnet One (Hong Kong) to provide professional recruitment services.
1998	Expanded into Taipei, Taiwan through HRnet One (Taiwan) Branch to provide professional recruitment business.
2000	Incorporated PeopleSearch (Taiwan) Branch in Taipei, Taiwan when we recognised a niche in the Taiwanese market for success-based search services. Expanded into Tokyo, Japan through HRnet One (Japan) to provide professional recruitment services.
2001	Incorporated Recruit Express (Taiwan) Branch in Taipei, Taiwan to provide professional recruitment and flexible staffing services. Incorporated PeopleSearch in Singapore to specialise in professional recruitment services.
2003	Incorporated Recruit Express (Australia Pty) in Australia. This subsidiary has been dormant since 2010.

BUSINESS

2004	Incorporated APRE in Kuala Lumpur, Malaysia to provide professional recruitment services.
2005	<p>Incorporated PeopleFirst in Kuala Lumpur, Malaysia to provide professional recruitment services.</p> <p>Incorporated PeopleSearch (Japan) in Tokyo, Japan to provide professional recruitment services.</p> <p>Incorporated Recruit Express (Hong Kong) in Hong Kong to provide professional recruitment and flexible staffing services.</p>
2006	<p>Expanded into Bangkok, Thailand through HRnet One (Thailand) to provide professional recruitment services.</p> <p>Expanded into Shanghai, PRC through HRnet One (Shanghai) to provide professional recruitment services.</p> <p>Introduced PeopleSearch brand to Hong Kong to provide professional recruitment services.</p>
2007	Incorporated SearchAsia Consulting in Singapore to provide professional recruitment services.
2008	Expanded into Beijing, PRC through HRnet One (Beijing) to provide professional recruitment services.
2011	<p>Expanded into Seoul, Korea through HRnet One (South Korea) to provide professional recruitment services.</p> <p>Incorporated PeopleSearch (Shanghai) to provide professional recruitment services.</p> <p>Expanded into Guangzhou, PRC through HRnet One (Guangzhou) to provide professional recruitment services.</p>
2013	<p>Incorporated RecruitFirst in Singapore to provide professional recruitment and flexible staffing services.</p> <p>Incorporated Recruit Express Services (Malaysia) in Malaysia to provide flexible staffing services.</p>
2016	<p>Incorporated RecruitFirst (Hong Kong) in Hong Kong, to provide professional recruitment and flexible staffing services.</p> <p>Vanda 1, which is managed and controlled by Heliconia Capital Management Pte. Ltd. (a wholly-owned subsidiary of Temasek Holdings (Private) Limited), invested in our Company.</p>

BUSINESS

OUR COMPETITIVE STRENGTHS

Focus on Asian growth cities

Our Group is only focused on Asian growth cities. We currently operate in 10 Asian growth cities, namely, Singapore, Kuala Lumpur, Bangkok, Hong Kong, Taipei, Guangzhou, Shanghai, Beijing, Tokyo and Seoul.

Our strategy is to be present in Asian growth cities with a high level of commercial activities and job opportunities, a large and growing population with a large labour force and young population demographics so as to maintain our strong growth trajectory without affecting our profitability. Our future expansion plans are anchored around this strategy, and we do not intend to expand into markets where we do not see a profitable business case.

Largest Asia-based recruitment agency in Asia Pacific (excluding Japan) with dominance in Singapore

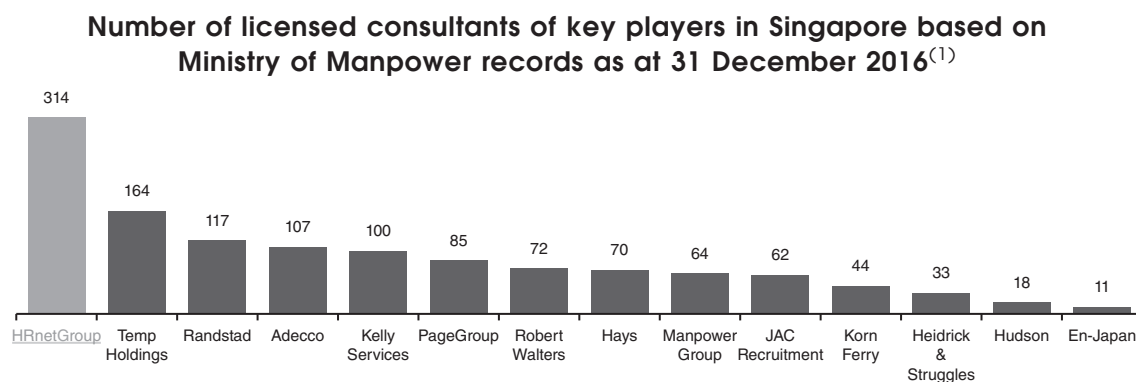
We are the largest Asia-based recruitment agency in Asia Pacific (excluding Japan), as compared to other key players within the professional recruitment and flexible staffing industry with presence in Asia Pacific, according to Frost & Sullivan.

Dominance in Singapore

According to Frost & Sullivan, we are the largest recruitment player in Singapore in terms of number of licensed consultants and revenue as well as the most profitable recruitment player in Singapore in terms of net profit before tax.

Please refer to the section entitled “Government Regulations – Employment Agencies Act and Employment Agencies Rules 2011” of this Prospectus for further details on the requirements for registration of an employment agency personnel applicable to such licenced consultants in Singapore.

As at 31 December 2016, we had 314 licensed consultants in Singapore, which was 48% more than our nearest competitor in Singapore, according to Frost & Sullivan, as illustrated in the diagram below.



Source: Frost & Sullivan

Note:

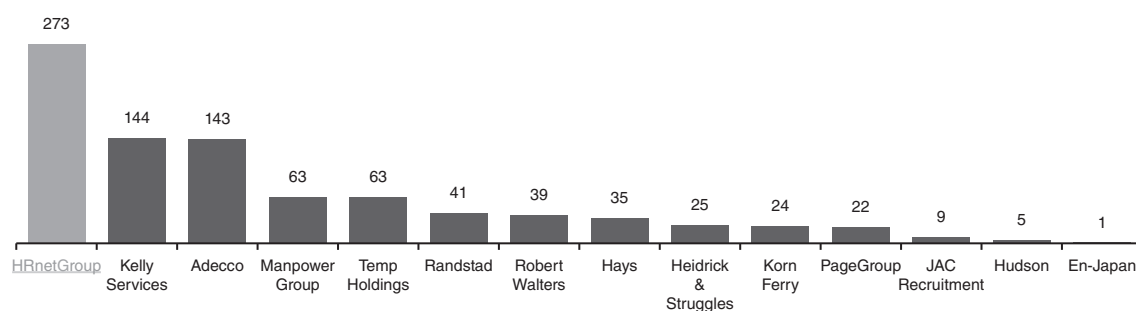
- (1) Temp Holdings' metrics are based on Capita Pte Ltd, which is a wholly-owned subsidiary of Temp Holdings operating in Singapore.

BUSINESS

According to Frost & Sullivan, we are the largest recruitment player by revenue in Singapore, with a market share of 20.5%.

For FY2015, we achieved revenues of approximately S\$273 million in Singapore, which was 47% higher than our nearest competitor in Singapore which achieved revenue of approximately S\$144 million in Singapore, according to Frost & Sullivan, as illustrated in the diagram below.

Singapore-only revenues of key players in Singapore in FY2015 (in S\$'million)⁽¹⁾



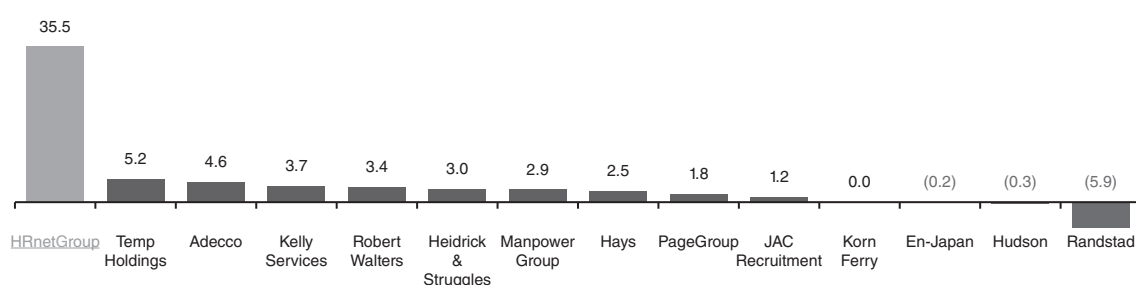
Source: Frost & Sullivan

Note:

- (1) Temp Holdings' metrics are based on Capita Pte Ltd, which is a wholly-owned subsidiary of Temp Holdings operating in Singapore.

For FY2015, we achieved net profit before tax of approximately S\$35.5 million in Singapore, which was about seven (7) times higher than our nearest competitor in Singapore which achieved net profit before tax of approximately S\$5.2 million in Singapore, according to Frost & Sullivan, as illustrated in the diagram below.

Singapore-only net profit before tax of key players in Singapore in FY2015 (in S\$'million)⁽¹⁾



Source: Frost & Sullivan

Note:

- (1) Temp Holdings' metrics are based on Capita Pte Ltd, which is a wholly-owned subsidiary of Temp Holdings operating in Singapore.

BUSINESS

Due to our size and scale, we have the following competitive advantages:

- economies of scale in managing our cost base;
- comprehensive support functions to allow consultants to focus on generating revenue;
- branding to attract high calibre candidates;
- balance sheet to support payroll requirements of customers with high flexible staffing needs;
- regional reach to support MNCs across multiple locations; and
- deeply specialised teams with strong domain knowledge.

Strong growth and profitability since inception

Our Group has posted strong financial performance since inception, demonstrated through overall top-line and bottom-line growth over more than 24 years of operation.

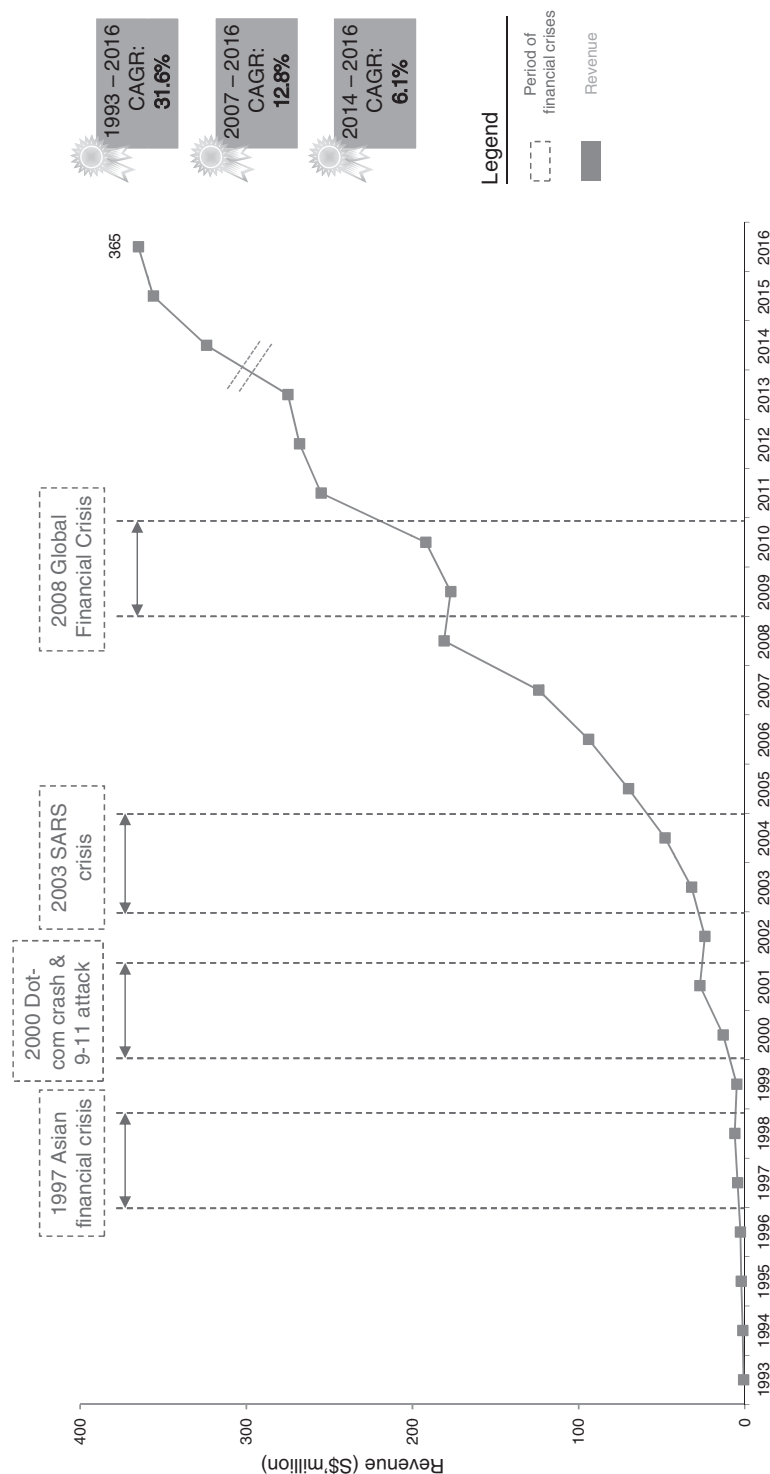
Our 24-year, 10-year, and FY2014 to FY2016 CAGRs for revenue were 31.6%, 12.8%, and 6.1% respectively, as illustrated in Diagram 1 below. This had been achieved through our strong relationship with customers, diversified business model across professional recruitment and flexible staffing, and strategic expansion across Asian growth cities.

Similarly, our 24-year, 10-year, and FY2014 to FY2016 CAGRs for net profit were 39.5%, 14.6%, and 13.0% respectively, as illustrated in Diagram 2 below. This had been achieved through our entrepreneurial and cost-effective business model, which rewards our leaders and business pioneers based on sharing of profits rather than payouts of sales commissions, and directs the energy of every team member to focus on, among other things, gross profits instead of market share and cost effectiveness instead of budget spend. See “Our Competitive Strengths – Leading productivity and profitability through our entrepreneurial co-ownership business model and lean structure” below for further details.

As illustrated below, we have remained resilient and profitable throughout the 2000 dot-com crash, the terrorist attacks of 11 September 2001, 2003 SARS (or Severe Acute Respiratory Syndrome) crisis and the GFC. Save for 1998, we have been profitable every year since we commenced operations.

BUSINESS

Diagram 1: Our Group's revenue for the past 24 years (in S\$'million)⁽¹⁾

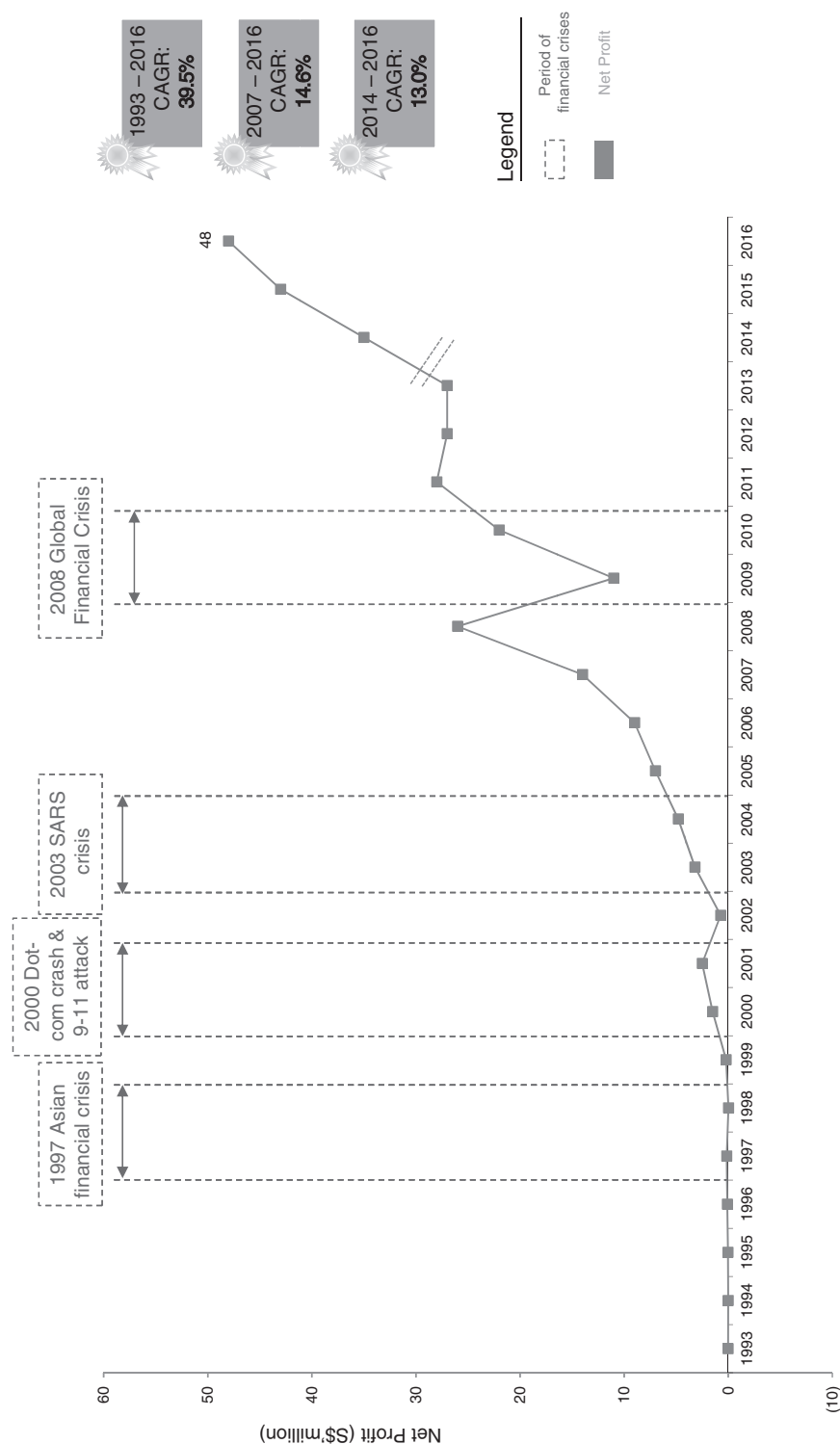


Note:

- (1) The numbers shown in the chart is an aggregation of revenues of our Group Companies with different financial year ends. For 2016, 2015 and 2014, this was prepared on the basis of the financial statements of our Group Companies for the financial year ended 31 December. For 2013 and the years preceding 2013, this was prepared on the basis of the financial statements of HRnet One and its subsidiaries which financial statements were for the financial year ended 30 June and Recruit Express and its subsidiaries which financial statements were for the financial year ended 31 March.

BUSINESS

Diagram 2: Our Group's net profit for the past 24 years (in S\$'million)⁽¹⁾



Note:

- (1) The numbers shown in the chart is an aggregation of net profits of our Group Companies with different financial year ends. For 2016, 2015 and 2014, this was prepared on the basis of the financial statements of our Group Companies for the financial year ended 31 December. For 2013 and the years preceding 2013, this was prepared on the basis of the financial statements of HRnet One and its subsidiaries which financial statements were for the financial year ended 30 June and Recruit Express and its subsidiaries which financial statements were for the financial year ended 31 March.

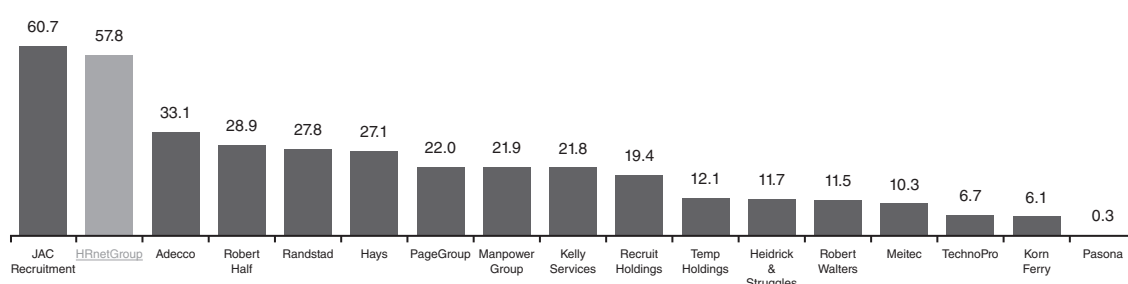
BUSINESS

Leading productivity and profitability through our entrepreneurial co-ownership business model and lean structure

Our Group has leading productivity and profitability as compared to our global and regional competitors which can be measured by the following yardsticks.

First, according to Frost & Sullivan, we have the second highest net profit per employee amongst key players within the professional recruitment and flexible staffing industry with presence in Asia Pacific, as well as the highest return per licensed consultant amongst key players in Singapore, as illustrated in the diagrams below.

**Net profit per employee of key players with presence in Asia Pacific
in FY2016 (in S\$'000)⁽¹⁾**

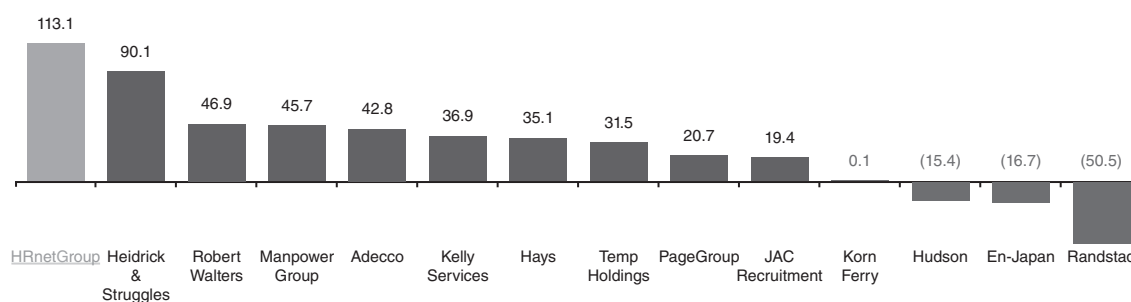


Source: Frost & Sullivan

Note:

- (1) Only includes other public listed key players within the professional recruitment and flexible staffing industry with presence in Asia Pacific that disclosed the total number of employees employed.

**Net profit before tax per licensed consultant of key players in Singapore
in FY2015 in (S\$'000)⁽¹⁾**



Source: Frost & Sullivan

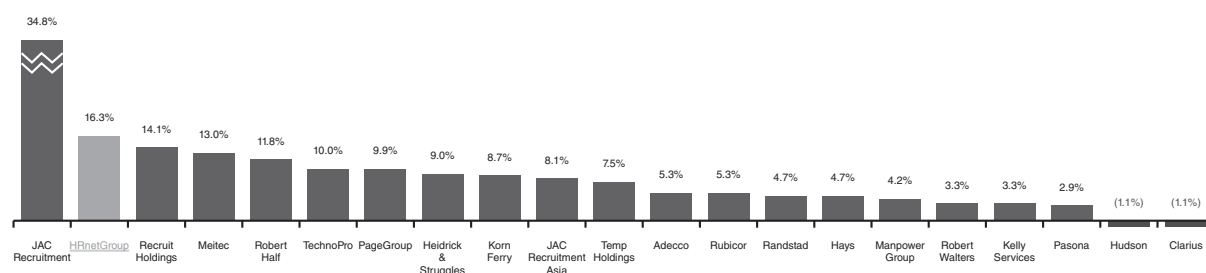
Note:

- (1) Based on net profit before tax for FY2015 and number of licensed consultants as at 31 December 2016.

BUSINESS

Second, according to Frost & Sullivan, we had an EBITDA margin of 16.3% and a net profit margin of 13.3%, which were the highest amongst key Asia Pacific (excluding Japan) players within the professional recruitment and flexible staffing industry with presence in Asia Pacific, as illustrated by the following two diagrams.

**Comparison on EBITDA margin of key players with presence in Asia Pacific⁽¹⁾
(in percentage terms)**

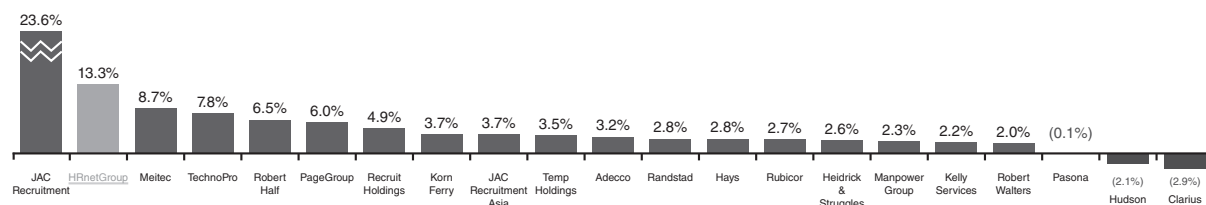


Source: Frost & Sullivan

Note:

- (1) Based on the financial statements for the 12 months ended 31 December 2016, save for financial statements of Pasona which are for the 12 months ended 28 February 2017, the financial statements for Korn Ferry which are for the 12 months ended 31 January 2017 and the financial statements for JAC Recruitment Asia which are for the 12 months ended 31 December 2015.

**Comparison on net profit margin of key players with presence in Asia Pacific⁽¹⁾
(in percentage terms)**



Source: Frost & Sullivan

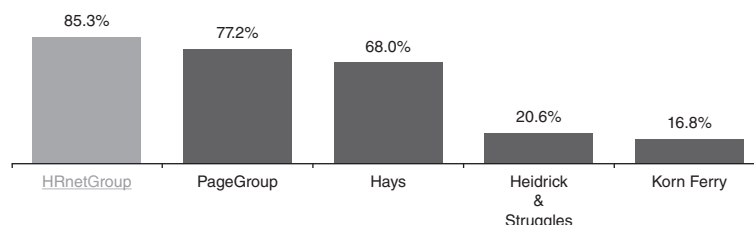
Note:

- (1) Based on the financial statements for the 12 months ended 31 December 2016, save for financial statements of Pasona which are for the 12 months ended 28 February 2017, the financial statements for Korn Ferry which are for the 12 months ended 31 January 2017 and the financial statements for JAC Recruitment Asia which are for the 12 months ended 31 December 2015.

BUSINESS

Third, according to Frost & Sullivan, we employ the highest percentage of consultants and have one of the highest efficiency ratios amongst key players within the professional recruitment and flexible staffing industry with presence in Asia Pacific, as illustrated in the diagrams below.

Comparison on proportion of consultants to total employees⁽¹⁾
(in percentage terms)

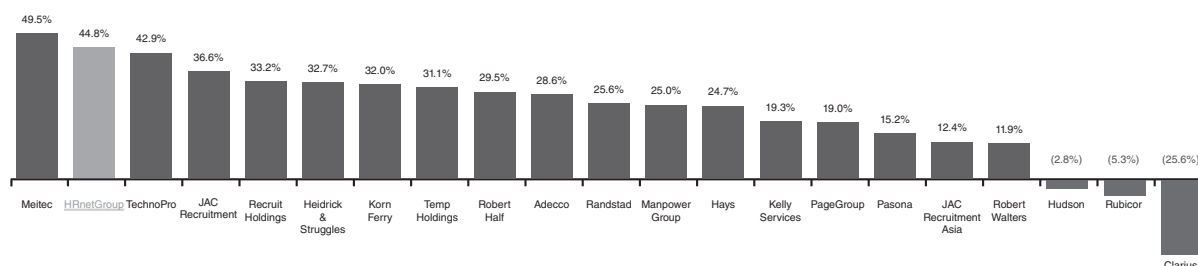


Source: Frost & Sullivan

Note:

- (1) Only includes other public listed key players within the professional recruitment and flexible staffing industry with presence in Asia Pacific that disclosed both the number of consultants and the total number of employees employed in their annual reports for financial year 2016.

Comparison on efficiency ratio⁽¹⁾ of key players with presence in Asia Pacific⁽²⁾
(in percentage terms)



Source: Frost & Sullivan

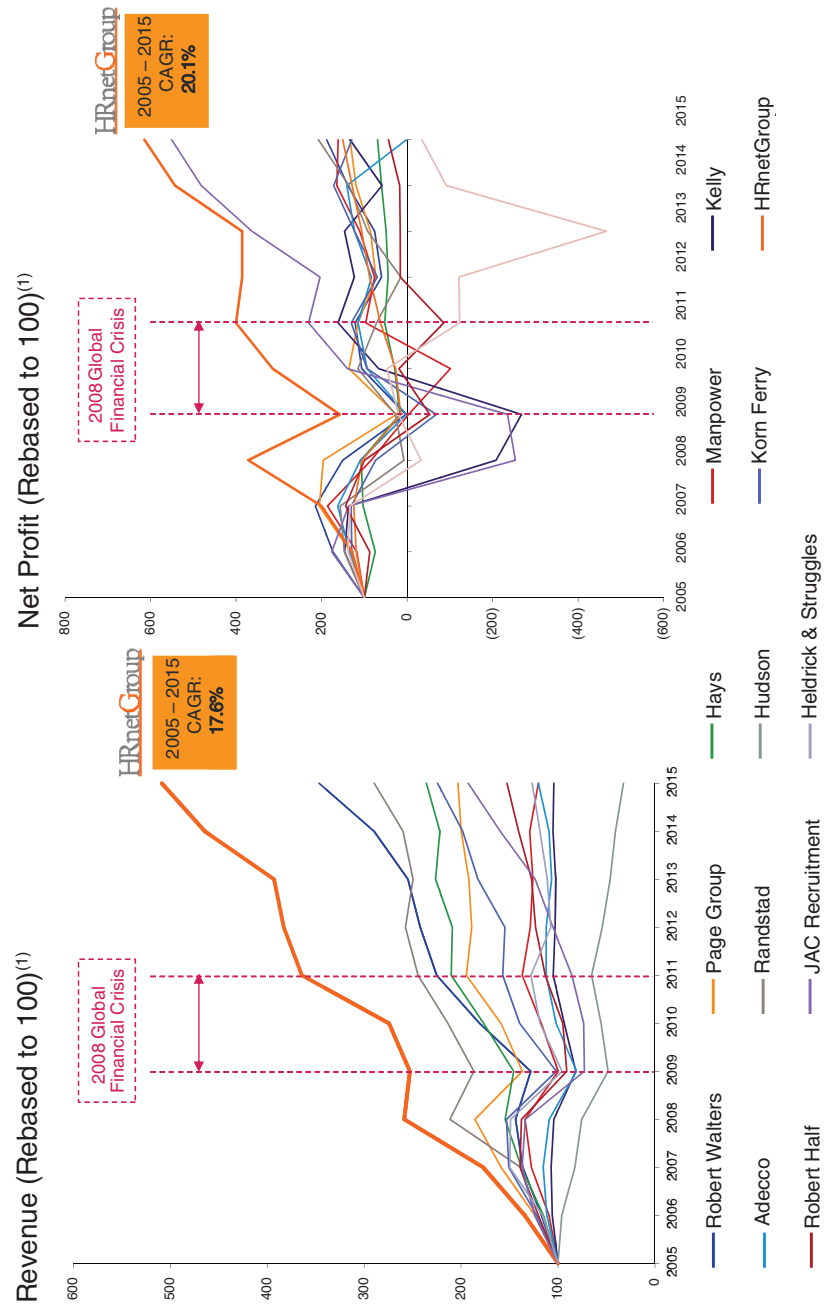
Notes:

- (1) Efficiency ratio is calculated based on EBITDA divided by gross profit.
- (2) Based on the financial statements for the 12 months ended 31 December 2016, save for financial statements of Pasona which are for the 12 months ended 28 February 2017, the financial statements for Korn Ferry which are for the 12 months ended 31 January 2017 and the financial statements for JAC Recruitment Asia which are for the 12 months ended 31 December 2015.

Further, according to Frost & Sullivan, we achieved the highest growth in revenue and net profit (indexed from 2005) compared to other public listed key players within the professional recruitment and flexible staffing industry with presence in Asia Pacific that disclosed revenue and net profit since 2005, as illustrated in Diagram 3 below.

BUSINESS

Diagram 3: Revenue and Net Profit Growth



Source: Frost & Sullivan (other than our 2005-2015 CAGR for revenue and net profit)

Note:

(1) Indexed on a calendar year basis. Based on key players with presence in Asia Pacific excluding peers with less than 10 years of operating track record, all financials on a calendar year basis.

BUSINESS

We believe we are leaders in the professional recruitment and flexible staffing industry in terms of productivity and profitability due to our entrepreneurial co-ownership business model, where many of our leaders and business pioneers have personally invested in the share capital of our subsidiaries and operated them with purpose and passion, as well as a flat and lean organisation structure where our experienced business leaders of each of our operating subsidiaries are empowered to make executive decisions and run the day-to-day operations.

Our rewards system is based on sharing of profits rather than payout of sales commissions. The emphasis on business unit profitability directs the energy of every team member to focus on:

- gross profits instead of market share and/or revenue;
- cost effectiveness instead of budget spend;
- PHC occupancy instead of physical occupancy (whereby the focus is on improving business unit productivity through a higher proportion of PHCs among employees as opposed to merely increasing the number of employees and accordingly, the amount of floor space occupied by such employees);
- business unit profitability as opposed to pure individual sales achievement;
- ratio of sales headcount relative to business support headcount;
- span of control in terms of leader to consultant ratio (whereby a higher span of control results in a higher number of consultants that a leader controls and accordingly, a flatter and leaner organisation structure);
- stringent and transparent tracking, monitoring, audit and review of operational activities;
- strong sense of accountability in terms of individual and team activities and profitability; and
- long term business sustainability through deliberate effort in quality delivery and trust building.

Please also refer to the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Our Results of Operations – Productivity of our employees” of this Prospectus for further details on the average number of PHC sales employees across our geographic segments during the periods under review.

As at the Latest Practicable Date, we have 22 88GLOW Co-Owners and 145 leaders (excluding our Executive Directors), with an average of 10 years of experience in our Group, as set out in the table below.

	Total	Average length of service (years)	Average age
Group business leaders	17	15	45
Business leaders	20	11	42
Practice leaders	108	9	36

BUSINESS

In addition, we aim to improve our net profit margin through a range of initiatives, including a process-driven methodology in business planning and tracking, metric-driven improvement in our rhythm of business activities with candidates and clients, key account management, the use of technology as an enabler and the leveraging of our Group's strengths (such as the productivity of our employees) and scale to improve our recruitment effectiveness.

We have developed an integrated framework of internal systems including (a) Integrated Executive Search (IES), a backend system which covers a myriad of services relating to clients (such as meetings and contacts), tracking of jobs, candidates (such as interviews, curricula vitae management) and billing, (b) SAP Business One for our accounting system, and (c) iHRS or Integrated Human Resources Solutions, an online platform for all HR and corporate-related modules including payroll, leave, claims, timesheet, performance management, assessment and surveys. These allow us to implement an internal tracking system to review weekly work progress, key performance indicator achievements, learnings and planning through WITS (or Weekly Intervention and Transformation Report). Through such integrated framework of internal systems, we seek to provide comprehensive tools (such as those relating to client relationship management) to our employees in order to allow them to strive to achieve the best possible results.

Growth powered by twin engines of complementary businesses

Our Group's strong growth has been powered by our twin engines of complementary businesses, namely professional recruitment and flexible staffing. While both of these businesses are different, they are highly complementary and have resulted in a synergistic and balanced business model.

First, the combination of providing temporary and permanent recruitment solutions allows us to foster deep relationships with our corporate customers as we are able to provide comprehensive recruitment and staffing solutions across junior to senior positions.

Second, our flexible staffing business provides us with a relatively stable and steady revenue stream in an economic downturn as compared to our professional recruitment business, while the professional recruitment business generally performs well during periods of economic growth. This is because although there may be a general decrease in demand for human resources during an economic downturn, customers who may nonetheless require human resources tend to pursue flexible staffing services as compared to professional recruitment business in order to keep costs variable to respond to changing business needs. On the other hand, during economic growth, customers tend to increase permanent headcount in order to meet business expansion plans and needs.

Our customers may also engage us to provide both professional recruitment and flexible staffing services. In such instances, our flexible staffing business in particular helps us to retain such customers across both segments for a few reasons:

- given constant interaction with customers, our consultants would have developed an in-depth understanding of their needs which cannot easily be replicated by a new entrant; and
- it may be inconvenient for our customers to switch to another service provider for flexible staffing services. For example, it would involve them having to replace a large number of Contractor Employees within a short period of time, and migrate payroll management and other human resources systems which we currently help to manage. Also, flexible staffing services require substantial working capital requirements which smaller firms cannot provide

BUSINESS

as we are required to first fund the payroll of Contractor Employees and be paid by the customers later. Accordingly, our customers may choose to continue to engage us for our flexible staffing services, as well as engage us as the same service provider for professional recruitment services.

Highly diversified base of premium customers

Through the stable and highly-recurring nature of our business, we have developed long-term established relationships with many premium customers. As at 31 December 2016, we counted over 2,000 clients, including 104 Fortune 500 clients, as part of our client base. Our clients include Samsung Asia, Master Kong Holdings, Bundwealth, Seibu Holdings, Olympus, Fubon Bank, Gardens by the Bay and Acer.

Our customers are also highly diversified. As can be seen from the following table, for FY2016, total revenue contribution from our top five customers was 14.1% with no single customer contributing more than 5.0% of revenue, reducing dependency risk on any one customer. The total revenue contribution from our top 10 customers was 20.0%.

Top Five Customers	FY2016 Revenue Contribution	Customer Since
Asian conglomerate <i>One of the top three largest technology companies globally by revenue, Fortune 100</i>	4.2%	1999
Singapore bank <i>One of the top three largest banks in Southeast Asia by total assets</i>	3.1%	2000
Regional telecommunications provider <i>One of the top three largest telecommunications providers in Asia by total wireless subscribers, Fortune 500</i>	2.8%	1999
International bank <i>One of the top five largest banks globally by assets, Fortune 100</i>	2.5%	2000
International data networking and telecommunications equipment company <i>One of the top three largest mobile-phone producers, Fortune 500</i>	1.5%	2003
Contribution from top five customers	14.1%	
Contribution from top 10 customers	20.0%	

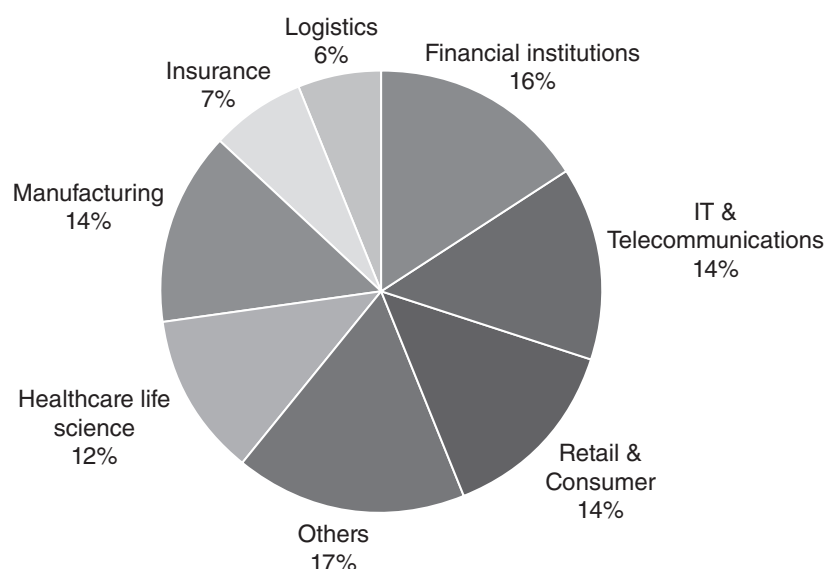
Our top five customers for FY2016 have been our customers since 2003 or earlier. We believe this is a testament to the quality of our services and ability to adapt to our customers' changing needs even as their businesses evolve.

Our client base is also diversified across various sectors with no individual sector accounting for more than 20% of our revenues during FY2016, mitigating the impact of adverse conditions affecting any single sector.

BUSINESS

The following diagram illustrates our Group's revenue from customers of different industries for FY2016.

Our Group's revenue from customers of different industries (in percentage terms)



The diversification across our customer base reduces over-dependency risk, ensures varied revenue streams, and reduces our vulnerability to sector and geography specific risks. Please also refer to the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Our Results of Operations – Job market conditions and employment growth in key sectors and geographies in which we operate” of this Prospectus for more details.

Strong cash conversion from disciplined cost management and asset-light model

We have positive net cash from operating activities as a result of our disciplined cost management and asset-light model where we do not own any properties and have minimal capital expenditure requirements. Our EBITDA had increased from S\$46.9 million in FY2014 to S\$59.5 million in FY2016, driven by growth in our revenue coupled with improvements in the productivity of our employees and operating efficiency. Our efficiency ratio (calculated based on EBITDA divided by gross profit) had also increased from 36.5% in FY2014 to 44.8% in FY2016.

As at the Latest Practicable Date, our organic growth since inception has been self-funded through cash generated by our business, without any debt financing. In each of FY2016, FY2015 and FY2014, our operating activities generated substantial cash even after adjustment for our working capital requirements and capital expenditures.

OUR STRATEGIES

Penetrate deeper into existing markets within Asia, especially North Asia

In the 10 cities across Asia where we have already established a foothold, we intend to accelerate our growth and further strengthen our position by aggressively expanding our consulting force, with a particular emphasis on North Asia. According to Frost & Sullivan, the market size of North Asia (comprising Hong Kong, Taipei, Guangzhou, Shanghai, Beijing, Tokyo and Seoul) for

BUSINESS

professional recruitment and flexible staffing for FY2016 was approximately S\$46.3 billion, as compared to S\$3.6 billion for Rest of Asia (comprising Kuala Lumpur and Bangkok) and S\$1.4 billion for Singapore. Further, Frost & Sullivan estimates the professional recruitment and flexible staffing industry revenues in the aforementioned North Asian cities to grow at a CAGR of 11.5%, as compared to a CAGR of 12.4% for Rest of Asia (comprising Kuala Lumpur and Bangkok) and a CAGR of 4.0% for Singapore between 2016 and 2021. Accordingly, due to the relative large market size of North Asia and the expected growth in revenue for the professional recruitment and flexible staffing industry revenues in cities in North Asia, we believe North Asia will drive our next stage of growth in Asia. According to Frost & Sullivan, the recruitment markets in certain cities in North Asia, such as Hong Kong and Tokyo, are also highly fragmented, therefore presenting compelling growth opportunities for us to deepen our presence. We are strategically positioned in key growth cities in PRC, Hong Kong and Taiwan, where we believe local skill shortages are expected to drive the need for professional recruitment services. In Tokyo, we believe that we are well positioned as our selected industry expertise is expected to augur well with the future expansion of Japan. In particular, we believe our expertise in healthcare life science (which sector contributed the largest portion of our revenue in Japan for FY2016) is expected to be in demand to meet the rising workforce demand for their industry in Japan. At the same time, our specialisation in the hospitality, retail and industrial activities is poised to meet the higher workforce demand expected to arise from the Rugby World Cup and the Olympic Games to be held in Tokyo in 2019 and 2020 respectively.

According to Frost & Sullivan, tight labour market conditions and tighter policies in hiring foreigners are expected to drive the professional recruitment services industry in Singapore. We believe we will be able to take advantage of the anticipated growth in the market arising from this in reliance on our operational efficiency. We also believe we have a strategic home-ground advantage in Singapore due to the economies of scale that we enjoy in this market where we have an established presence in terms of a strong sales force, client base and market reputation as the dominant player in Singapore as well as the financial strength to operate the flexible staffing business.

We are also passionate about increasing the proportion of PHCs in our midst. We are determined that more of our units should achieve 80% PHC and beyond. Having larger teams of effective and productive people will allow us to broaden our footprint and further increase our influence and reach in the cities in which we operate.

At the same time, we aim to establish ourselves as the go-to recruiter for high-demand sector niches within the specialisations we have chosen to focus in. This will allow us to channel and direct resources on specialisations in which we already have strong domain knowledge, build on our subject matter expertise, deepen our experience, and consequently sharpen our competitive edge so as to ensure that our expansion will positively impact our overall profitability.

Expand into selective new growth markets in Asia

We will continue to discover new markets of growth and expand strategically into other growth cities with strong economic fundamentals and large labour markets within Asia. Such cities are expected to provide substantial market opportunity for us as economic growth and expansion spur demand for recruitment services. We believe our extensive experience and proven track record will position us strongly for expansion of our regional presence and to be the regional player that can best serve our customers' professional recruitment and flexible staffing needs. In doing so, we intend to leverage on our successful template for geographic expansion of operations as well as our centralised office functions to minimise the need for support personnel and to launch expansions into new cities with PHCs of existing offices.

BUSINESS

Singapore is our home market and we have spent years developing a stable and robust operating platform, a network of strong relationships and a strong reputation, beginning with Singapore and expanding through the various geographies in which we operate. Through coordinated efforts, we have leveraged our strong relationships with MNCs with regional corporate headquarters in the various cities in which we operate, to generate business opportunities. The growth of our geographical footprint has been inextricably linked with that of our customers, and we fully intend to continue partnering our customers as they expand into new growth markets in Asia.

There are also new customers to win as we strengthen and deepen our roots in cities that we operate in. As we cultivate effective and productive local talents, we are better placed to increase our engagement with local and regional customers. We target to serve a good mix of international MNC customers, domestic and regional customers as our business units mature.

Opportunistically seek out strategic acquisitions and partnerships

In addition to organic growth, we will also opportunistically seek out strategic acquisitions and partnerships to further entrench ourselves in existing markets or to enter into new ones. This will enable us to improve existing or acquire new capabilities and expertise to quickly gain scale and profit leadership, especially in highly competitive cities.

For market entry, we could acquire or partner with existing players in our targeted city. This is particularly useful for easing teething issues associated with expanding into new cities with substantial logistical and regulatory requirements and will also serve as established platforms for expansion within new cities. This strategy will jumpstart our entry into these cities and allow us to focus on achieving scale and profitability in a much faster, effective and more cost efficient manner.

Even for existing cities where we have operations, we would explore acquisitions or partnerships that are complementary to our existing business units. For example, there could be competitors with stronger localised knowledge, deeper experience and track record, or expertise in specific specialisations that we could work with to significantly build up market share and profitability in a shorter period of time. One of our near term targets is to build our presence in cities with large enough labour markets, including cities in China and Japan. Acquiring or partnering an existing player in the flexible staffing business segment would be highly complementary to our successful professional recruitment business in those markets.

We have adopted a disciplined and systematic framework to carry out potential acquisitions. To identify potential acquisition targets, we have been cultivating business relationships and strengthening the trust that the industry players have in us through face-to-face meetings and interactions with industry players. We have also engaged market research consultants to provide key data on financial, headcount and business performance of potential acquisition targets within cities in which we operate.

BUSINESS

We strive to be highly disciplined and selective in our acquisitions and partnerships. We intend to pursue targets or partners which have the following characteristics:

- the acquisition target's flexible staffing business have at least 1,000 contractors in one location, with presence in a first tier city in China or Japan;
- the acquisition target's professional recruitment business have at least 30 consultants in one location, with presence in first tier Asian growth cities or in cities which our Group has a presence in; and
- the acquisition target is earnings-accretive so as to be able to contribute to our earnings and its return on capital invested should be above the industry average.

For acquisition targets which are smaller in size than our Group (taking into account factors such as revenue, sales consultant headcount, gross profit and net profit), we intend to acquire a majority stake in such acquisition target and to require that the existing management invest in the business as minority shareholders and co-own the business with us. For acquisition targets that are similar or larger in size than our Group (taking into account factors such as revenue, sales consultant headcount, gross profit and net profit), we intend to acquire a shareholding interest of at least 20% in such acquisition target and to collaborate with such acquisition target in mutual areas of interest, such as by way of cross-investment.

Once a target is acquired, we aim to preserve brands and existing operations that have served such targets well, and will provide our Group's infrastructure, systems and processes as set out below for the selective adoption by such acquisition targets according to their needs and work culture:

- *Leading practices* – comprising business leadership, operational leadership and people leadership;
- *Cultural conditioning* – comprising values of wellness, discipline, diligence, integrity and to promote a sales culture;
- *IT platform* – comprising our Integrated Executive Search (IES) system, Integrated Human Resources Solutions and SAP Business One systems;
- *HR services* – comprising our profit sharing mechanism, performance management system and recognition and awards system;
- *Finance systems and processes* – comprising processes for tracking of business activities, review and action items as well as business partnering; and
- *Compliance and internal controls* – comprising support for regulatory compliance, legal and internal controls.

Investors should note that the foregoing statements as to our acquisition strategy are merely statements of our present intention and our plans may be subject to modification in our Directors' discretion.

BUSINESS

Enhance market and profit leadership through our co-ownership model and programmes

We are committed to investing in and rewarding our co-owners and building on our co-ownership model, and have therefore developed the 123GROW and 88GLOW co-ownership programmes. The 123GROW Plan will allow up to 404 employees, as at the Latest Practicable Date, to become shareholders of our Company by participating in the 123GROW Plan. Such employees (also referred to as 123GROW Co-Owners), by subscribing for, and receiving, Shares pursuant to the 123GROW Plan would accordingly, share in our future profitability as shareholders of our Company. In addition, the 88GLOW Plan will also serve to motivate existing 88GLOW Co-Owners to grow their business units and inspire them to become and continue to be PHCs. We believe that co-owners work faster, nimbler and more tenaciously, which gives us a key edge over our competitors. We also believe that such co-ownership programmes will be a strong driving force towards even higher productivity as the probability of co-owners interacting and engaging with candidates and clients with a strong sense of ownership is increased. We believe that our co-ownership model, as embodied by the 123GROW and 88GLOW co-ownership programmes, will enable us to effectively align employees' interests with the interests of our Group to sustain market share and profit leadership in the cities that we operate in. Please see the sections entitled "123GROW Plan" and "Corporate Reorganisation and Corporate Structure – Corporate Reorganisation" of this Prospectus for further details on such co-ownership programmes.

OUR BUSINESS

We operate and manage our business primarily as two operating segments, namely, professional recruitment and flexible staffing.

Professional Recruitment

Our professional recruitment business involves strong collaboration with our corporate customers to understand their business goals in order to strategise on the fulfilment of their need for talent. We require our professional recruitment consultants to have in-depth knowledge of their industry and functional specialisation, and to possess a strong sense of business acumen and insight into the talent landscape in order to be able to successfully anticipate and navigate the supply and demand of talent within their areas of specialisation. Our consultants identify candidates and facilitate our clients' selection and, upon successful placement, we charge our clients a fee based on a percentage (which is determined after taking into account various factors, such as the customary rate in the relevant city of operation, the seniority of candidate, the degree of complexity and difficulty in finding a candidate for the position, and the volume of the client's business) of the first year remuneration offered and accepted for the position.

Depending on the nature of placement, we typically enter into two types of professional recruitment service agreements with our corporate customers namely, success-based service agreement and retained-based service agreement.

For permanent placements of junior or middle to senior positions, we would typically enter into success-based service agreements with our clients. Under such agreement, we are assigned to source for candidates for either single, multiple or bulk positions. Our corporate customer may either appoint us on an exclusive basis to source for candidates or appoint us on a non-exclusive basis where they are at liberty to appoint other recruitment service providers to perform the same services provided by us under such agreement. For permanent placements of junior positions, our clients are usually billed upon successful placement when the candidates sign the offer letter with our clients. For permanent placements of middle to senior positions, our clients are usually billed upon successful placement when the candidates start work with our clients.

BUSINESS

For permanent placements of senior or niche positions, we may enter into an exclusive retained-based service agreement with our client. Typically, we would bill our clients in two to three stages, including a certain percentage upon signing of the agreement and upon presentation of shortlisted candidates, and the balance upon successful placement.

Our clients are typically required to pay us the fees within seven to 60 days from invoicing.

In the event of the placements not showing up for work or resigning within the warranty period (ranging from 30 to 60 days, depending on the seniority of the position), where possible, a one-time replacement would be undertaken if our invoices had been paid. Otherwise, we would seek to enter into alternative arrangements as negotiated between our clients and us.

Flexible Staffing Business

The evolving global economy has created demand for flexible staffing solutions from corporate clients who seek variability in operating costs and talent deployment, and who increasingly focus on core competencies while outsourcing non-core and back-office functions. On the supply side, the trends towards candidates seeking work-life balance, or seeking work experience and income between school terms or jobs, and generally toward less formal, long-term forms of employment, provide a supply of candidates available for contract, temporary and part-time employment with us to work with our clients.

Our consultants work in teams and each team specialises in a particular industry in a specific geographical area. Through multiple sourcing channels including our internal candidate databases, our subscriptions to job portals where we advertise vacancies, social media and other digital channels, referrals of candidates and customers, walk-in applications and, online registrations by candidates for potential job opportunities on our websites, our consultants identify candidates in specified locations, industries and functions.

We employ selected candidates as Contractor Employees on a contract basis, putting them on our payroll and concurrently placing them with our clients on back-to-back agreements that have tenures ranging from days to months, depending on the relevant client's needs. At each payroll cycle, we pay salaries and employment benefits to our Contractor Employees, and then we bill our clients a fee that covers the Contractor Employees' payroll costs plus a margin as a percentage of the payroll costs or such other fixed sums that we agree with our client. Such margin is determined after taking into consideration, amongst others, costs of providing the services, expected volume of potential business with the client and past relationship with the client.

For our Contractor Employees, we handle employment administrative work such as preparation of employment contracts, calculation of payroll, and handling employee contractual benefits and relevant insurance for employees as required by laws and regulations.

Typically, our service agreement is for a fixed duration depending on the needs of our corporate customers. Either we or our client shall be entitled to terminate the agreement by serving an agreed period of written notice. We are also entitled to terminate the agreement with immediate effect if (a) our corporate customer fails to make payment of sums due from them to us for a certain number of days; (b) if our corporate customer commits a material breach of the agreement and such breach, if capable of being remedied, is not remedied within a certain number of days; or (c) if our corporate customer goes into liquidation or other insolvency proceedings. In certain cases, customers may require us to indemnify them for the actions or inactions of our Contractor Employees. Such requirements may arise due to the relevant customer's internal policies (such as in the case of customers which are financial institutions) requiring us to provide an indemnity

BUSINESS

for financial losses incurred by the customer due to the engagement of our services. As of the Latest Practicable Date, we have not incurred any liability under any such indemnity. Please refer to the section entitled “Risk Factors – Risks Relating to Our Industry, Business and Operations – Due to the nature of our business, we may be exposed to claims and losses that could have a material adverse effect on our business and reputation” of this Prospectus for more information.

Our clients are usually billed periodically by per order basis and are typically required to pay the fees to us within 30 days from invoicing.

Our clients are obligated not to hire, directly or indirectly, our Contractor Employees for a certain period following the completion of their services. However, in the event that our corporate customers wish to hire our Contractor Employees, they are required to pay us a placement fee.

We have various types of employment/engagement contracts with our Contractor Employees. Our Contractor Employees are required to fulfil a specified number of work hours weekly and will be deployed to work at venues designated by us. The salient terms of contracts with our Contractor Employees mainly comprise the name of our client, place of work at our corporate customer’s venue, predetermined salary rate, contract bonus amount, duration of employment, working hours, entitlement to holidays and leave, and termination notice.

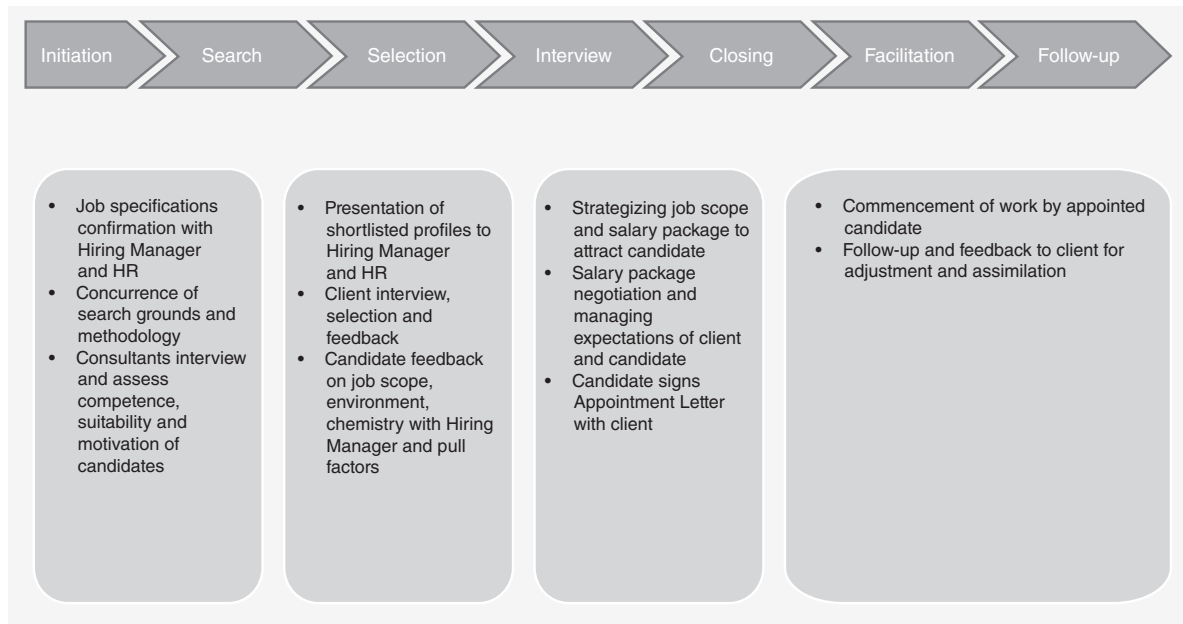
OUR PROCESS

Professional Recruitment Services

With more than 24 years of organisation-building experience, we have developed a robust methodology and process for the recruitment business. Originally built for senior executive search, our business has evolved to service all-level positions. Our approach has always been methodical, set on the premise of a good talent map of each industry we specialise in. We are flexible in providing success-based search for mid-level positions and providing retainer-based search for senior and niche positions.

BUSINESS

The following flow chart is a general overview of the major steps involved in the provision of our professional recruitment services:



Customer engagement

As a major player in Asia, we have the scale to mobilise and dedicate multiple consultants to engage with multiple contact persons (including senior decision makers, hiring managers, HR people) at our customers who have multiple positions to fill across levels of seniority in various fields. We proactively reach out to key players in the industries we specialise in, and have regular dialogues to exchange views on the latest talent movements and industry developments. Our customers believe in our ability to value add and entrust us with a role in their talent acquisition plans.

Whilst cold calling is a regular feature of our selling process, our strong reputation typically attracts enquiries from customers based on word-of-mouth referrals by the candidates and customers who we have worked with. We adopt a business approach to recruitment by first connecting with our customers on their needs, counselling them on market realities and provide good value through placing the right candidates to deliver their business goals and objectives.

For every assignment, we assemble a team of experienced consultants to bring both sector and functional expertise to the search. We take a consultative and advisory approach when working with our corporate customers. We will collect and identify the employment requirements of our corporate customers including the job nature, qualification, years of experience, salary package and employment benefits. The objective is to ascertain our corporate customer's requirements and work towards identifying the competencies and personality traits that an ideal candidate might have. We will then prepare a proposal or placement agreement for our corporate customer's consideration.

BUSINESS

Selection of candidates

Upon confirmation of customer's requirements, and our mutual concurrence on the search grounds and methodology, we deploy consultants with relevant expertise and experience to identify and source potential candidates from our local and regional contacts, our database, online portals and/or social media.

We constantly update our database of candidates upon which we map out detailed organisation charts of key players in the industries we specialise. We will make "cold calls" to establish contacts with candidates. We also obtain names and leads through industry networking and candidate referral. We also reach out and connect to candidates through social media and other online platforms.

Our screening process involves assessing our candidates' hard skills and interest level based on which our consultants would conduct face-to-face interviews to verify the candidate's eligibility for the position, to assess the fit into the customer's business and culture, and to check the salary expectation. We use such opportunities to promote our customer's employer branding to candidates in the market to create market presence for our customers as an employer.

Upon the shortlisting of suitably qualified candidates, we present their profiles to our customers to check their interest level before arranging for face-to-face interviews to take place in a conducive and convenient environment. After each interview process, we gather formal and informal feedback from the customer and the candidate so as to facilitate the closing process.

Commencement of employment and follow up actions

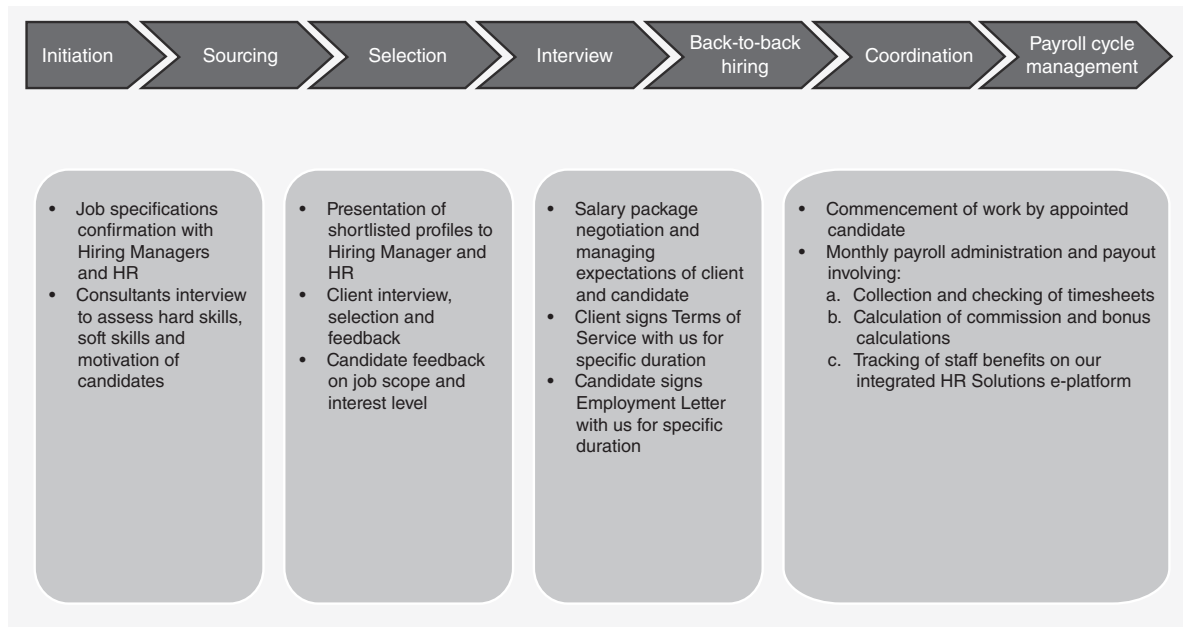
Upon the confirmation of selection of a candidate by our corporate customers, we will be responsible for confirming the employment terms with such candidates on behalf of our corporate customers in accordance with their instructions. We play an active role in salary negotiations with candidates, including managing the expectations of the customer and the candidate. We may also brief our corporate customers on the current market salary and benefits and their current position in the market in terms of their attractiveness to candidates. If our corporate customers confirm the employment terms and the candidates accept the offers, we will arrange for the candidates and our corporate customers to sign the employment contracts.

We follow up closely with the candidates to get them ready for the job change and facilitate their smooth transition to a new work environment. If necessary, we may assist to apply for work permits for the successful candidates on behalf of our corporate customers, arrange medical examinations, and conduct briefings and orientation for the successful candidates. After the work permit application is approved and medical report is released, the successful candidates will enter into employment contracts with the respective corporate customers. The successful candidates will then report to work at the corporate customers' designated premises.

BUSINESS

Flexible Staffing Services

The following flow chart is a general overview of the major steps involved in the provision of our flexible staffing services:



Customer engagement

We typically receive enquiries of our flexible staffing services from our existing corporate customers or when we actively reach out and solicit new corporate customers which operate in industries which require large number of temporary staff. Thereafter, we will identify and confirm their requirements including the type and scope of services required. After considering the availability of our Contractor Employees and our capacity for meeting the service requirements, our operation team will prepare the relevant proposal or service quotation for our customers' consideration. Upon acceptance of the proposal or service quotation by our corporate customers, we will prepare the service agreement for signing. We will assign a designated team to be in charge of the corporate customer.

Selection of Contractor Employees for deployment

After being engaged by our corporate customers, we will first shortlist candidates from our database, after which (if required), we will source additional candidates through external sources such as advertising on recruitment websites or in print media, and participating in recruitment roadshows and taking referrals from our existing staff or Contractor Employees.

The first round of interviews will be conducted by our Group internally. After interviews with the potential candidates, where requested for by our corporate customers, we will arrange for briefing and training sessions for the selected candidates to be carried out by our corporate customers. In some cases, some of our candidates may be subject to further selection by our corporate customers before being deployed by us.

BUSINESS

Commencement of services and follow up actions

Upon confirmation of selection by our corporate customer, we would hire the selected candidate under our payroll as a Contractor Employee. At each payroll cycle, we collect the Contractor Employees' timesheets, confirm their working hours and perform the payroll administration such that they receive their compensation in accordance with prevailing rules stipulated by the relevant labour authorities in the respective countries. We keep in close contact with our Contractor Employees to ensure continuity in performing their work according to our customers' requirements during the contract term.

If any of our Contractor Employees fails to meet our corporate customers' requirements, we would replace him/her with another Contractor Employee. As we are responsible for the remuneration and other administrative matters related to our Contractor Employees, our customers will be able to free up management time and resources to focus on their core activities, while still gaining access to the quality service provided by us through our Contractor Employees without their human resources department having to face operational complexity and voluminous work load.

At each payroll cycle, we pay salaries and employment benefits to our Contractor Employees, and then we bill our clients a fee that covers the Contractor Employees' payroll costs plus a margin as a percentage of the payroll costs or such other fixed sums that we agree with our client. Such margin is determined after taking into consideration, amongst others, costs of providing the services, expected volume of potential business with the client and past relationship with the client.

MAJOR CUSTOMERS

Due to the nature of our business, we do not have any major customers. None of our customers accounted for 5.0% or more of our revenue during the Period Under Review.

MAJOR SUPPLIERS

Due to the nature of our business, we do not have any major suppliers. None of our suppliers accounted for 5.0% or more of our items of expense during the Period Under Review.

SALES AND MARKETING

We market our services through the following means:

(a) Personal and professional referrals

Our approach to our business is to deliver our work with purpose and passion, with the objectives of (a) helping our customer find the right candidates to deliver their business goals and objectives; and (b) helping candidates find the right organisation at the relevant point in their career when their strengths can be maximised. In every step of our delivery process, we endeavour to make a difference to the people that we work with, whether as an individual or as an organisation. As such we have cultivated much brand loyalty and goodwill. Our customers routinely refer new business to us by "word of mouth", and the referred customers have confidence in our products and services after working with us.

BUSINESS

(b) Other Traditional Marketing

Our traditional marketing channels include advertising on newspapers, making “cold calls” to establish contacts with potential candidates and customers and obtaining names and leads through industry networking and meetings.

(c) Digital Marketing

With the advancement of technology, we have transitioned from not only deploying traditional marketing channels but also digital ones to fully maximise our outreach capabilities. Our digital marketing channel includes our corporate websites, our mobile application, online job portals, online search engines, instant messaging and various social media platforms. **Information contained on our digital marketing channels does not constitute part of this Prospectus.**

COMPETITION

There is a competitive landscape for recruitment services and our competitors generally operate in the same business segments of professional recruitment and flexible staffing as us. We believe that our main competitors with an Asia Pacific footprint include Temp Holdings, TechnoPro Holdings, Meitec Corp and JAC Recruitment. International peers include Hays, PageGroup, Heidrick & Struggles and Robert Walters.

We compete with them based on, amongst other things, specialisation in different markets, level of engagement with customers, complementary products and services, and combination of team expertise and experience.

RISK MANAGEMENT AND QUALITY CONTROL

Our Group recognises that the industry in which we operate is competitive, and it is vital to provide quality services and maintain high standards in our operations. To attract and retain our customers and to reduce disruptions to our services, we have adopted various policies and standards that are commensurate with this. We also conduct regular training sessions for our staff for them to be familiar with the local laws and regulations in relation to our industry. Please see “– Our Employees – Staff Training” below for more information on the training sessions which we conduct for our staff. We have channels where our customers may provide feedback to us on possible improvements to our products and services. We also place emphasis on recruiting and retaining skilful, knowledgeable and experienced staff, and also on monitoring quality of services provided to our customers.

Our flexible staffing business involves outsourcing our Contractor Employees to work at customer locations. Our Contractor Employees are subject to regulatory requirements applicable to the relevant industry or corporate customers they are placed in. The relevant Contractor Employees may be required to be registered with the relevant authorities or may be required to obtain licences prescribed by the relevant authorities if such registration or licensing requirements are applicable to persons working in the relevant industries. As an illustration, should such Contractor Employees be required by the client to operate a prescribed class of heavy equipment, such Contractor Employee will be required to, if necessary in the relevant jurisdiction, be registered with, and/or licensed by, the relevant authorities to operate such equipment. We seek to maintain a safe, healthy and environmentally friendly workplace for all of our employees, including our Contractor Employees. Certain of our flexible staffing services are provided in locations that could present some risk to personal safety and, as a result we may incur substantial costs to maintain the safety and security of our Contractor Employees.

BUSINESS

We also ensure information security in our operations through stringent information security procedures and controls that prevent unauthorised users from accessing internal systems. These controls include information security policies and procedures, security monitoring software, encryption policies, access policies, password policies, physical access limitations, and fraud detection efforts.

We maintain insurance cover for professional liability and claims involving personal injury for our employees as well as for damage to property. We believe we have obtained insurance coverage for our employees customary for our business having regard to industry practices based on statutory requirements for insurance coverage and feedback from our insurance brokers as at the Latest Practicable. However, in the event of any accident affecting our employees, including our Contractor Employees, there is a risk that legal proceedings may be filed against us and/or our customers which could result in damages and other costs that our or our corporate customers' insurance may be inadequate to cover. Please see the section entitled "Risk Factors – Risks Relating to Our Industry, Business and Operations – Our insurance coverage may not be adequate for certain contingencies and this may have a material adverse effect on our business, financial condition and results of operation" of this Prospectus for more details.

Compliance Framework

As part of our risk management process, we have adopted a compliance framework (the "**Compliance Framework**") which is expected to be fully implemented by the end of 2017 and the relevant Business Leaders (as defined below) will bear responsibility for ensuring compliance with the Compliance Framework and the relevant laws and regulations.

In general, consultants in an operating subsidiary are grouped into teams and report to a practice leader ("**Practice Leader**"), who will, in turn, report to the business leader in charge of the relevant business units in the relevant city ("**Business Leader**"). Business Leaders will report to a group business leader, each of whom will typically have oversight of a few business units ("**Group Business Leader**"). As at the Latest Practicable Date, we have 108 Practice Leaders, 20 Business Leaders, and 17 Group Business Leaders.

An outline of the Compliance Framework is set out below:

Preventive Controls

- Orientation on compliance guidelines for new consultants.
- Quarterly refresher training courses for full-time permanent consultants.
- Annual workshop and online certification for full-time permanent consultants that facilitates understanding and application of our Code of Conduct.
- On-going individual licence procurement in countries that require a minimum number of individual employment agency licences for the company to qualify for renewal of company level licences, HR executives of the relevant business unit monitors a list of confirmed employees who have taken the relevant exams.

BUSINESS

Supervisory Controls

- Quarterly self-audit and reporting (comprising sign-off by the Business Leaders of checklists of compliance and declaration of non-compliance) to ensure:
 - (a) documentation required by respective licences are available for inspection by the relevant labour ministry. Such document inspection process and the type of documentation required for inspection are different in each jurisdiction, and may take the form of annual inspections, quarterly inspections, or spot checks by the relevant authorities. Examples of documents which may be required for inspection include records of the candidate's resumes, application forms for the applicable position, signed terms of service with the client, and candidate's letter of appointment signed with the client; and
 - (b) compliance with licencing scope and activities.

Detective Controls

- Annual internal audit to review the implementation and effectiveness of the Compliance Framework. The internal audit report shall be submitted to the Audit Committee for annual review and discussion. As at the date of registration of this Prospectus, we have appointed RSM Risk Advisory Pte Ltd to act as our internal auditors to review, amongst others, the implementation and effectiveness of the Compliance Framework.
- Project documentation is reviewed by accountants and relevant support staff. Any exceptional clauses in the terms of service signed with clients are channelled to relevant external legal counsels and placements outside the licence scope shall be highlighted to our Group Business Leader of the relevant business units and the Compliance Committee. Any document that requires the common seal (or its equivalent) and/or directors' signature shall be reviewed by the CFO and/or the General Counsel (as the case may be).

Compliance Committee

In addition to the Compliance Framework, we have established a compliance committee (the **"Compliance Committee"**), which will assume the role of ensuring that we comply with the relevant laws and regulations in the various jurisdictions where we operate. The Compliance Committee comprises the General Counsel, the CFO and the CPO.

The Compliance Committee will be supported by the local counsels with whom we have a relationship in the various jurisdictions where we operate and whom we seek counsel from time to time on legal or regulatory issues that may arise. In accordance with the Compliance Framework, the Business Leader of the relevant business units in the relevant cities are required to sign off on a checklist of key compliance requirements and declare any non-compliance to the respective Group Business Leaders on a quarterly basis. Our Group Business Leaders shall report to the Compliance Committee and, in consultation with the relevant local counsels, together evaluate and resolve the matters reported.

Any matter brought to the attention of the Compliance Committee that (a) is not capable of resolution; (b) has a direct impact on the operational capability of the relevant business unit (e.g. any licencing issues); or (c) is, in the view of the Compliance Committee, material for any reason, will be escalated to the Audit Committee for further review and discussion. The Compliance Committee will also arrange and conduct briefing sessions to the Business Leaders on continuing regulatory compliance requirements and procedures, including licencing requirements. If necessary or useful, the relevant local counsels may be invited to provide such briefings together with the Compliance Committee. Such briefings will be conducted on an annual basis, or as and when any significant updates to relevant laws or regulations arise.

BUSINESS

OUR EMPLOYEES

As at the Latest Practicable Date, we have 787 full-time employees (excluding our Contractor Employees). A breakdown of our full-time staff (excluding our Contractor Employees) by job functions and geographic locations as at 31 December 2014, 31 December 2015, 31 December 2016 and as at the Latest Practicable Date is as follows:

Job Function	As at 31 December			At as the Latest Practicable Date
	2014	2015	2016	
Executive Directors and Executive Officers	7	7	7	7
Leaders	139	134	132	141
Consultants	565	596	584	530
Business Support (including HR, finance, information technology, business support assistants)	104	111	115	109
Total	815	848	838	787

Geographic Location	As at 31 December			At as the Latest Practicable Date
	2014	2015	2016	
Singapore	393	412	391	369
North Asia ⁽¹⁾	326	348	372	335
Rest of Asia ⁽²⁾	96	88	75	83
Total	815	848	838	787

Notes:

(1) This refers to our operations in the Beijing, Guangzhou, Shanghai, Hong Kong, Taipei, Tokyo and Seoul.

(2) This refers to our operations in Kuala Lumpur and Bangkok.

BUSINESS

The number of full-time employees has decreased due to natural attrition, such as resignation by such employees or retirement. To manage such attrition as well as to manage rising manpower costs, the Group has hired more temporary and contract employees to complement its full-time employees and at the same time, form a ready pool of candidates who can be converted to full-time employees. Accordingly, the number of full-time employees had decreased as at the Latest Practicable Date as compared to 31 December 2016, which decrease was offset by an increase in temporary staff and contract staff.

A breakdown of our employees by full-time staff or temporary staff and contract staff (excluding our Contractor Employees) as at 31 December 2014, 31 December 2015, 31 December 2016 and as at the Latest Practicable Date is as follows:

Geographic Location	As at 31 December			At as the Latest Practicable Date
	2014	2015	2016	
Full-time employees	815	848	838	787
Temporary staff and contract staff	158	179	201	277
Total	973	1027	1039	1064

For our flexible staffing segment, in FY2016, we deployed a monthly average of approximately 10,500 Contractor Employees to our clients.

We employ a significant number of temporary staff and contract staff (excluding our Contractor Employees). In FY2016, we employed a monthly average of 245 temporary staff and contract staff (excluding our Contractor Employees).

All our employees (excluding our Contractor Employees) in our Group and our Contractor Employees are not unionised. We believe that the relationship and cooperation between our management and all our employees (excluding our Contractor Employees) and our Contractor Employees have been good and this is expected to continue. There has not been any incidence of work stoppages or material labour disputes. Please also refer to the sections entitled “Risk Factors – Risks Relating to Our Industry, Business and Operations – We may be involved in legal, regulatory and other proceedings arising out of our operations, and may incur costs arising therefrom and may be affected by negative publicity which have an adverse impact on our reputation and goodwill” and “General and Statutory Information – Legal and Arbitration Proceedings”.

Except for amounts set aside or accrued for compliance with the applicable laws of the jurisdictions, such as the CPF Act, in which we operate being an approximate amount of S\$7.2 million as at 31 December 2016, we have not set aside or accrued any amounts for our employees (not being Contractor Employees) and our Contractor Employees to provide for pension, retirement or similar benefits.

Staff training

We are guided by the principle that employees need to continuously upgrade their skills for both their own benefit and our long-term prospects. In order to ensure that our employees are competent in their roles and responsibilities, staff training plays an important role in our operations, and comprises largely on-the-job training and in-house training.

BUSINESS

We also conduct regular training sessions for our staff for them to be familiar with the local laws and regulations in relation to our industry. During such training sessions, our Business Leaders would provide an overview of the current local laws and regulations which are applicable to our industry. They would also share with our staff past case studies in order to minimise the occurrence of similar breaches of local laws and regulations. Please see “– Compliance Framework” above for further details on such training sessions.

During the periods under review, our expenses incurred in relation to staff training were not significant.

ORDER BOOK

Due to the nature of our business, our Company does not maintain an order book.

TRENDS

Save as disclosed in the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business – Our Strategies” of this Prospectus and barring unforeseen circumstances, our Directors are not aware of known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our Group’s net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Prospectus to be not necessarily indicative of our future operating results or financial condition.

CREDIT MANAGEMENT

Credit Terms to Our Customers

Our finance department manages and administers our credit policies and oversees the collection from our debtors on a regular basis. In our assessment of the credit terms and credit limits to be extended to each of our customers, we take into consideration factors such as their financial background and creditworthiness, transaction volume, payment history and length of their relationship with us.

Our credit limits specify the maximum outstanding amount that may be owed by our customers at any time and the length of the credit period provided. The majority of our sales are transacted on open accounts, under credit terms of seven to 60 days depending on a number of factors including track record of payment, length of relationship and frequency of engagement. Where circumstances require, we may request an upfront fee or deposit.

Specific allowance or write-off is made when we are of the view that the collectability of an outstanding debt is highly improbable or the debt is uncollectible respectively. See note 7 to our combined financial statements included in Appendix A in this Prospectus for a discussion on the write-off against provisions for doubtful receivables for FY2016, FY2015 and FY2014. To ensure timely payment by our customers, we have implemented standard guidelines for our finance, consultants and payroll administration departments, with regard to the monitoring and collection of payment, and the calculation of profit-sharing incentives. Should payment remain outstanding from a customer beyond the credit terms granted, reminders will be sent to the customers for payment. At the same time, steps will be taken to discover the reason for the delay and pursue appropriate avenues including legal means to recover long outstanding amounts.

BUSINESS

Our trade receivables turnover during the Period Under Review is as follows:

	FY2014	FY2015	FY2016
Trade receivables turnover days ⁽¹⁾	64.7	62.4	63.6

Note:

(1) Average trade receivables turnover days is computed as follows: (trade receivables/revenue) x number of days here:

“**Trade Receivables**” is defined as the average of the amount of the trade receivables (excluding bills receivable) as at the beginning and the end of the relevant financial year/period; and

“**Number of Days**” is defined as the number of calendar days in the relevant financial year/period.

Credit Terms from Our Suppliers

Payment terms granted by our suppliers vary from supplier to supplier and are also dependent, amongst other things, on our relationship with the relevant supplier and the size of the transaction. Generally, our suppliers grant us credit terms of up to 30 days.

Our trade payables generally comprise GST payables and it is not meaningful to compute average trade payable days.

RESEARCH AND DEVELOPMENT

While the nature of our business does not require us to carry out any research and development activities, our information technology team keeps abreast of latest developments in relevant technological advancements to update our Integrated Executive Search (IES) system, Integrated Human Resources Solutions (iHRS), SAP Business One, corporate websites, and our RecruitFirst mobile application.

INSURANCE

As at the Latest Practicable Date, our Group has taken out insurance coverage in respect of, amongst others, (i) public liability; (ii) all risk; (iii) business interruption; (iv) work injury compensation; (v) loss of money; (vi) fire consequential loss; (vii) business travel; (viii) employee compensation; (ix) professional indemnity and (x) group term life, group personal accident, group hospital & surgical, group critical illness and group major medical insurance.

As at the Latest Practicable Date, our Directors are of the opinion that the above insurance policies are adequate for our existing business and operations and we will review and procure the necessary additional insurance coverage as and when the need arises. However, significant disruption to our operations or damage to our properties or assets, whether as a result of fire and/or other causes, may still have a material adverse impact on our results of operations or financial condition. There is no assurance that any claims made or decided against us will be covered by insurance, or if covered, will not exceed the limits of our coverage.

BRAND AND INTELLECTUAL PROPERTY

We believe that our brands are one of the key elements of the success of our business operations, and we depend on the increased recognition thereof for branding and marketing our services to our customers. To protect our intellectual property rights including our internet domain names, trademarks and logos, as at the Latest Practicable Date, we have applied for certain intellectual property rights.

BUSINESS

As at the Latest Practicable Date, we have registered the following trademarks:

Trademark	Registered Proprietor	Country of Registration	Class	Trade Mark Number	Expiry Date
	HRnet One	Singapore	35 and 42	T1314187G	3 September 2023
	HRnet One	Hong Kong	35, 41 and 42	303583792	1 November 2025
	HireRight Pte. Ltd. (now known as YesPay! Pte. Ltd.)	Singapore	35	T1215077E	11 October 2022
	HRnet One	Singapore	9 and 42	T1217051B	9 November 2022
	HRnet One	Malaysia	9	2012019028	9 November 2022
	HRnet One	Malaysia	42	2012019027	9 November 2022
	HRnet One	Singapore	35 and 42	T1017107D	27 December 2020
	HRnet One	Hong Kong	35 and 42	302420649	30 October 2022
	HRnet One	Malaysia	35	2010006720	16 April 2020








BUSINESS

Trademark	Registered Proprietor	Country of Registration	Class	Trade Mark Number	Expiry Date
	HRnet One	Malaysia	42	2010006721	16 April 2020
HRnet One	HRnet One (Japan)	Japan	35	5324934	20 May 2020
	HRnet One	South Korea	35	1167325	10 April 2023
	HRnet One	PRC	35	4462584	27 August 2018
	HRnet One	Singapore	42	T0000554F	15 January 2020
	HRnet One	Singapore	35	T0000553H	15 January 2020
	HRnet One	Singapore	35	T0813453A	30 September 2018
	HRnet One	Malaysia	35	2010006724	16 April 2020
	HRnet One	Singapore	35	T0813451E	30 September 2018
	HRnet One	Japan	35	5479458	15 March 2022
	HRnet One	Hong Kong	35	301706508	2 September 2020
					



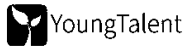

BUSINESS

Trademark	Registered Proprietor	Country of Registration	Class	Trade Mark Number	Expiry Date
	HRnet One	PRC	35	4462581	6 October 2018
	HRnet Performance Consulting (Singapore)	Singapore	41	T0510068G	13 June 2025
					
	HRnet Performance Consulting (Singapore)	Singapore	35	T0510067I	13 June 2025
					
	HRnet One	Malaysia	35	2010006719	16 April 2020
					
	HRnet One	Malaysia	41	2010006723	16 April 2020
					





BUSINESS

Trademark	Registered Proprietor	Country of Registration	Class	Trade Mark Number	Expiry Date
	HRnet One	PRC	35	4462582	27 August 2018
	HRnet One	PRC	41	4462583	27 August 2018
	Recruit Express	Singapore	35	T0318184A	6 November 2023
	Recruit Express	Hong Kong	35	300397558	3 April 2025
	HRnet One	PRC	35	4462585	20 February 2019
	Recruit Express	Singapore	35, 41 and 42	4020161220 0X	27 July 2026
	HRnet One	Taiwan	35	01471557	31 August 2021

BUSINESS

Trademark	Registered Proprietor	Country of Registration	Class	Trade Mark Number	Expiry Date
	HRnet One	Taiwan	35	01518151	15 May 2022
	HRnet One	Singapore	9, 35 and 42	4020161797 4Q	26 October 2026
	PeopleSearch (Taiwan)	Taiwan	35	01715634	30 June 2025
	Recruit Express	Singapore	35, 41 and 42	40201620921S	6 December 2026

As at the Latest Practicable Date, we have applied for the following trademarks:

Trademark	Country	Class	Application Number	Application Date	Status
	Malaysia	35, 41 and 42	2016013277 (Class 35)	7 December 2016	Pending
			2016013275 (Class 41)		
			2016013276 (Class 42)		
	Taiwan	35, 41 and 42	105079145	30 December 2016	Pending
	Hong Kong	35, 41 and 42	303854061	29 July 2016	First examination report issued
	Hong Kong	35, 41 and 42	303854070	29 July 2016	First examination report issued

BUSINESS

PROPERTIES AND FIXED ASSETS

Properties owned by our Group

As at the Latest Practicable Date, our Group does not own any properties.

Properties leased by our Group

As at the Latest Practicable Date, our Group leases properties for use as offices in all the cities in which we operate. Such leases typically have tenures ranging from 12 to 48 months. Due to the nature of our business, we are not materially dependent on any of our leased properties. Following that, there are no material properties which are leased by our Group as at the Latest Practicable Date. Please refer to the section entitled “Management’s Discussion and Analysis of Results of Financial Condition and Results of Operations – Contractual Obligations and Commitments” of this Prospectus for more information on the contribution of our non-cancellable operating leases.

Fixed Assets

Our fixed assets consisting of furniture and fittings, office equipment, renovation and computers had a net book value of approximately S\$725,000 as at 31 December 2016.

As at the Latest Practicable Date, to the best of our Directors’ knowledge and belief, there are no regulatory requirements that may materially affect our Group’s utilisation of tangible fixed assets.

LICENCES, PERMITS AND APPROVALS

As at the Latest Practicable Date, our Group has obtained the following material licences, permits and approvals in relation to our business:

<u>Type of Licence, Permit or Approval</u>	<u>Issued to</u>	<u>Purpose</u>	<u>Issuing/Licensing Body</u>	<u>Date of Expiry</u>
<u>Singapore:</u>				
Licence to Operate Employment Agency	HRnet One	HRnet One is licensed to carry on the employment agency or employment agencies for any person in a job earning a fixed monthly salary of more than S\$4,500 at specified place(s) of business and branch(es)	Commissioner for Employment Agencies, Ministry of Manpower, Singapore	3 January 2020

BUSINESS

Type of Licence, Permit or Approval	Issued to	Purpose	Issuing/Licensing Body	Date of Expiry
Licence to Operate Employment Agency	Recruit Express	Recruit Express is licensed to carry on the employment agency or employment agencies for all types of workers except foreign domestic worker at specified place(s) of business and branch(es)	Commissioner for Employment Agencies, Ministry of Manpower, Singapore	11 December 2017
Licence to Operate Employment Agency	PeopleSearch	PeopleSearch is licensed to carry on the employment agency or employment agencies for any person in a job earning a fixed monthly salary of more than S\$4,500 at specified place(s) of business and branch(es)	Commissioner for Employment Agencies, Ministry of Manpower, Singapore	15 September 2017
Licence to Operate Employment Agency	RecruitFirst	RecruitFirst is licensed to carry on the employment agency or employment agencies for all types of workers at specified place(s) of business and branch(es)	Commissioner for Employment Agencies, Ministry of Manpower, Singapore	16 March 2019
Licence to Operate Employment Agency	Recruit Express Services (Singapore)	Recruit Express Services (Singapore) is licensed to carry on the employment agency or employment agencies for all types of workers except foreign domestic worker at specified place(s) of business and branch(es)	Commissioner for Employment Agencies, Ministry of Manpower, Singapore	31 August 2019

BUSINESS

Type of Licence, Permit or Approval	Issued to	Purpose	Issuing/Licensing Body	Date of Expiry
Licence to Operate Employment Agency	SearchAsia Consulting	SearchAsia Consulting is licensed to carry on the employment agency or employment agencies for any person in a job earning a fixed monthly salary of more than S\$4,500 at specified place(s) of business and branch(es)	Commissioner for Employment Agencies, Ministry of Manpower, Singapore	11 October 2017

Taiwan

Licence of Private Employment Service Agency	Recruit Express (Taiwan) Branch	Licence required for providing private employment services including recruitment services and job placements for Taiwan citizens with jobs in Taiwan and in other countries and placing foreign citizens (excluding citizens in the PRC, Hong Kong and Macau Special Administrative Regions) to jobs in Taiwan	Ministry of Labour	3 December 2017
Licence of Profit-Seeking Private Employment Services Agency	Recruit Express (Taiwan) Branch	Licence required for providing private employment services including recruitment services and job placements for Taiwan citizens with jobs in Taiwan	Taipei City Government	17 December 2018
Licence of Profit-Seeking Private Employment Services Agency	PeopleSearch (Taiwan) Branch	Licence required for providing private employment services including recruitment services and job placements for Taiwan citizens with jobs in Taiwan	Taipei City Government	11 November 2017

BUSINESS

Type of Licence, Permit or Approval	Issued to	Purpose	Issuing/Licensing Body	Date of Expiry
Licence of Private Employment Service Agency	PeopleSearch (Taiwan) Branch	Licence required for providing private employment services including recruitment services and job placements for Taiwan citizens with jobs in Taiwan and in other countries and placing foreign citizens (excluding citizens in the PRC, Hong Kong and Macau Special Administrative Regions) to jobs in Taiwan	Ministry of Labour	22 February 2019
Licence of Profit-Seeking Private Employment Services Agency	HRnet One (Taiwan) Branch	Licence required for providing private employment services, including recruitment services and job placements for Taiwan citizens with jobs in Taiwan	Taipei City Government	10 November 2017
Licence of Private Employment Service Agency	HRnet One (Taiwan) Branch	Licence required for providing private employment services including recruitment services and job placements for Taiwan citizens with jobs in Taiwan and in other countries and placing foreign citizens (excluding citizens in the PRC, Hong Kong and Macau Special Administrative Regions) to jobs in Taiwan	Ministry of Labour	22 February 2019
<u>Hong Kong</u>				
Licence to operate an employment agency	HRnet One (Hong Kong)	To operate an employment agency	Employment Agencies Administration	21 July 2017

BUSINESS

Type of Licence, Permit or Approval	Issued to	Purpose	Issuing/Licensing Body	Date of Expiry
Certificate of Hong Kong Service Supplier in relation to job referral agency services	HRnet One (Hong Kong)	That service supplier meets standard of the Mainland and Hong Kong Closer Economic Partnership Arrangement	Trade & Industry Department of the Government of the Hong Kong Special Administrative Region	15 September 2018
Certificate of Hong Kong Service Supplier in relation to job intermediary services	HRnet One (Hong Kong)	That service supplier meets standard of the Mainland and Hong Kong Closer Economic Partnership Arrangement	Trade & Industry Department of the Government of the Hong Kong Special Administrative Region	15 September 2018
Licence to operate an employment agency	PeopleSearch (Hong Kong)	To be able to operate an employment agency	Employment Agencies Administration	14 September 2017
Licence to operate an employment agency known as "Recruit Express (Hong Kong) Limited"	Recruit Express (Hong Kong)	To be able to operate an employment agency	Employment Agencies Administration	14 November 2017
Licence to operate an employment agency known as "SearchAsia Hong Kong"	Recruit Express (Hong Kong)	To be able to operate an employment agency	Employment Agencies Administration	3 May 2018
Licence to operate an employment agency known as "Recruit Legal Hong Kong"	Recruit Express (Hong Kong)	To be able to operate an employment agency	Employment Agencies Administration	3 May 2018
Licence to operate an employment agency	RecruitFirst (Hong Kong)	To be able to operate an employment agency	Employment Agencies Administration	8 Sep 2017

BUSINESS

Type of Licence, Permit or Approval	Issued to	Purpose	Issuing/Licensing Body	Date of Expiry
PRC				
Human Resources Service Licence	PeopleSearch (Shanghai)	PeopleSearch (Shanghai) is licensed to engage in services of "Job hunting, employment registration, talent recruitment; vocational guidance, consulting service; collection and distribution of human resources information and vocational training information"	Shanghai Municipal Human Resources and Social Security Bureau	10 April 2018
Human Resources Service Licence	HRnet One (Beijing)	HRnet One (Beijing) is licensed to engage in services of "Job hunting, employment registration, talent referral; vocational guidance, consulting service; collection and distribution of human resources information and vocational training information"	Beijing Municipal Human Resources and Social Security Bureau	31 March 2019
Human Resources Service Licence	HRnet One (Shanghai)	HRnet One (Shanghai) is licensed to engage in services of "Job hunting, employment registration, talent recruitment; vocational guidance, consulting service; collection and distribution of human resources information and vocational training information"	Shanghai Municipal Human Resources and Social Security Bureau	10 April 2018

BUSINESS

Type of Licence, Permit or Approval	Issued to	Purpose	Issuing/Licensing Body	Date of Expiry
Human Resources Service Licence	HRnet One (Guangzhou)	HRnet One (Guangzhou) is licensed to engage in services of "Collection, collation, storage, distribution and consulting services of human resources information; talent referral; talent recruitment; talent assessment; talent career consulting; talent resources development and management consulting"	Guangdong Provincial Department of Human Resources and Social Security	31 March 2019
<u>Japan</u>				
Licence to operate an employment agency	HRnet One (Japan)	To engage in the employment agency business for specialised, technical or administrative work in Japan at specified place(s) of business	Ministry of Health, Labour and Welfare	31 December 2020
Licence to operate specified worker dispatch business	HRnet One (Japan)	To engage in staffing business in Japan, whereby HRnet One (Japan) dispatches its regularly employed employees to its clients at specified licensed place(s) of business	Ministry of Health, Labour and Welfare	29 September 2018 ⁽¹⁾
Licence to operate an employment agency	PeopleSearch (Japan)	To engage in the employment agency business for all work in Japan and Singapore at specified place(s) of business	Ministry of Health, Labour and Welfare	30 June 2018

Note:

(1) This type of licence has been abolished, and therefore this licence will expire on 29 September 2018.

BUSINESS

Our Directors confirm that, to the best of their knowledge, as at the Latest Practicable Date, our Group has obtained all relevant business licences, certificates and approvals necessary for our business operations and we have complied with all relevant laws and regulations that would materially affect our business operations. To the best of the knowledge of our Group and barring unforeseen circumstances, nothing has come to the attention of our Group which has caused us to foresee any difficulties with renewing any of above licences, permits or approvals that have a date of expiry within six months commencing from the date of this Prospectus, which would have a material adverse impact on our operations.

CORPORATE SOCIAL RESPONSIBILITY

We recognise the importance of not just doing well, but also doing good. We view corporate social responsibility as our responsibility and a competitive advantage. We recognise that we have an obligation towards our employees, investors, customers, suppliers and the community as a whole. We believe that our reputation, together with the trust and confidence of those with whom we deal, is one of our most valuable assets.

As part of our corporate social responsibility initiative, our Group has made it a point to give back to society. For previous years, we have partnered the Straits Times School Pocket Money Fund, HOPE Worldwide, Lions Befrienders and Movement for the Intellectually Disabled of Singapore (“**MINDS**”) in support of the needy and less fortunate. Our staff have organised fun-filled activities for the beneficiaries.

In 2009, our staff took part in a charity car wash and all proceeds were donated to the Straits Times School Pocket Money Fund for children from under-privileged families. In 2010, we partnered with Pertapis Children’s Home and Nuture Program Home and organised a mini funfair at Jacob Ballas Children’s Garden for children from under-privileged families. In 2011, our staff, along with volunteers from Pooi Ching School, organised interactive activities for seniors from Mei Ling Seniors Activity Centre of the Lions Befrienders such as dance sessions and balloon sculpting and entertaining magic shows for these seniors, and we raised funds for donation to the Lions Befrienders. In 2012, we brought beneficiaries from MINDS to the Singapore Flyer and organised interactive activities such as dance sessions and balloon sculpting and entertaining magic shows. Our staff also raised fund for MINDS, which was matched dollar-to-dollar by RES. In 2013, our Group organised a mini carnival at Jacob Ballas Children’s Garden for under-privileged children from Chen Su Lan Children’s Home and Sunlove Home. In 2014, we partnered Lions Befrienders, Poi Ching Primary School and Deyi Secondary School to organise an event for elderly beneficiaries from the Clementi Senior Activity Centre of Lions Befrienders. We also contributed electronic appliances and donated cash to Lion Befrienders during that event. In 2015, volunteers from our Group assisted in cleaning-up elderly homes and the Senior Activity Centre at Telok Blangah Crescent, and we further raised funds which were donated to Thye Hua Kwan Moral Charities to fund the operational costs of a new nursing home. In 2016, we collaborated with Industrial and Services Cooperative Society to organise a visit to Gardens by the Bay for ex-offenders and their families to show our support for ex-offenders in the community. We also organised a race for children from the Muscular Dystrophy Association Singapore (“**MDAS**”) and raised funds for donation to MDAS.

GOVERNMENT REGULATIONS

Save as disclosed in this section, as at the Latest Practicable Date, our business operations are not subject to any special legislation or regulatory controls which have a material effect on our business and operations, other than those generally applicable to companies and businesses incorporated and/or operating in the jurisdictions in which we operate.

As we have operated in many countries through many entities over an extended period of time while we were privately owned and our business historically has been subject to many licensing and regulatory requirements, we have in the past been the subject of regulatory sanctions in various countries. Please see the section entitled “General and Statutory Information – Material Background Information” for further details on investigations concerning breaches of laws or regulatory requirements governing corporations in Singapore or elsewhere during the Period Under Review when certain of our Directors and certain of our Executive Officers have been concerned with the management or conduct of our Group.

The respective contribution of revenue by the Group Companies in the Rest of Asia (comprising Malaysia and Thailand) and South Korea to the Group is not material and accordingly, the applicable government regulations in such jurisdictions would not be regarded as material.

SINGAPORE

Employment Act

The Employment Act is administered by the MOM and sets out the basic terms and conditions at work for employees covered under the Employment Act.

The term “employee” is defined in the Employment Act to mean a person who has entered into or works under a contract of service with an employer and includes, amongst others, a workman, but does not include certain specified categories of employees including, amongst others, any domestic worker, and in respect of all other parts of the Employment Act (save for Part IV of the Employment Act) any person employed in a managerial or executive position and is in receipt of a salary of more than S\$4,500 per month (excluding overtime payments, bonus payments, annual wage supplements, productivity incentive payments and any allowance however described) or such other amount as may be prescribed in substitution by the Minister.

Part II of the Employment Act relates to certain aspects of contracts of services including, amongst others, termination of contract, notice of termination of contract and liability on breach of contract. For instance, Section 10 of the Employment Act provides, amongst others, that either party to a contract of service may at any time give to the other party notice of his intention to terminate the contract of service; and the length of such notice shall be the same for both employer and employee and shall be determined by any provision made for the notice in the terms of the contract of service, or, in the absence of such provision, shall be in accordance with Section 10(3) of the Employment Act.

Section 19 of the Employment Act provides that any employer who enters into a contract of service or collective agreement contrary to the provisions of Part II of the Employment Act shall be guilty of an offence. Section 112 of the Employment Act provides any person who is guilty of any breach or any offence under the Employment Act for which no penalty is otherwise provided shall be liable on conviction to a fine not exceeding S\$5,000 or to imprisonment for a term not exceeding six months or to both, and for a subsequent offence under the same section to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

GOVERNMENT REGULATIONS

Part IV of the Employment Act sets out requirements for, among others, rest days, hours of work and other conditions of service. Part IV of the Employment Act only applies to certain specified categories of employees, namely (a) workmen who are in receipt of a salary not exceeding S\$4,500 a month (excluding overtime payments, bonus payments, annual wage supplements, productivity incentive payments and any allowance however described) or such other amount as may be prescribed by the Minister; and (b) employees (other than workmen) who are in receipt of a salary not exceeding S\$2,500 a month (excluding overtime payments, bonus payments, annual wage supplements, productivity incentive payments and any allowance however described) or such other amount as may be prescribed by the Minister (the “**Part IV Employees**”).

For instance, Section 43(1) of Part IV of the Employment Act provides that a Part IV Employee who has served an employer for a period of not less than three months shall be entitled to paid annual leave of seven (7) days in respect of the first 12 months of continuous service with the same employer and an additional one day’s paid annual leave for every subsequent 12 months of continuous service with the same employer subject to a maximum of 14 days of such leave which shall be in addition to the rest days, holidays and sick leave to which the Part IV Employee is entitled under Sections 36, 88 and 89 of the Employment Act, respectively.

Section 53(1) of the Employment Act provides that any employer who employs any person as a Part IV Employee contrary to the provisions of Part IV of the Employment Act or fails to pay any salary in accordance with the provisions of Part IV of the Employment Act shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000, and for a second or subsequent offence to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

Part X of the Employment Act sets out the provisions in relation to holiday and sick leave entitlements. For instance, Section 89(1) of Part X of the Employment Act provides that any employee who has served an employer for a period of not less than six months shall, after examination at the expense of the employer by a medical practitioner appointed by the employer or a medical officer, be entitled to such paid sick leave, as may be certified by the medical practitioner or medical officer, not exceeding in the aggregate (a) if no hospitalisation is necessary, 14 days in each year; or (b) if hospitalisation is necessary, the lesser of the following: (i) 60 days in each year; and (ii) the aggregate of 14 days plus the number of days on which he is hospitalised.

Section 90(1) of the Employment Act provides that any employer who employs any person as an employee contrary to the provisions of Part X of the Employment Act or fails to pay any salary in accordance with the provisions of Part X of the Employment Act shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000, and for a second or subsequent offence to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

Employment Agencies Act and Employment Agencies Rules 2011

The Employment Agencies Act provides for the regulation of employment agencies, being any agency or registry carried on or represented as being or intended to be carried on (whether for the purpose of gain or reward or not) for or in connection with the employment of persons in any capacity, but does not include any registry set up by an employer for the sole purpose of recruiting persons for employment on his own behalf, and is regulated by the MOM.

GOVERNMENT REGULATIONS

Section 6(1) of the Employment Agencies Act provides that no person shall carry on an employment agency unless the person is the holder of a licence from the Commissioner for Employment Agencies (“**CEA**”) to carry on such an agency (“**Employment Agency Licence**”). Any person who contravenes Section 6(1) of the Employment Agencies Act shall be guilty of an offence and shall be liable on conviction: (a) to a fine not exceeding S\$80,000 or to imprisonment for a term not exceeding two years or to both; and (b) in the case of a second or subsequent conviction, to a fine not exceeding S\$160,000 or to imprisonment for a term not exceeding four (4) years or to both.

Under the Employment Agencies Rules, a licence granted under the Employment Agencies Act shall be valid only in respect of the type of employment specified in the licence, and a separate Employment Agency Licence shall be taken out for each employment agency. Section 10(1) of the Employment Agencies Act provides that an Employment Agency Licence shall continue to be in force for the period specified in the Employment Agency Licence unless it is earlier suspended or revoked by the CEA, as the case may be.

For more information on the Employment Agency Licences obtained by HRnet One, Recruit Express, PeopleSearch, RecruitFirst, YesPay, Recruit Express Services (Singapore) and SearchAsia Consulting, please refer to the section entitled “Business – Licences, Permits and Approvals” of this Prospectus.

Section 8(1) of the Employment Agencies Act provides that the CEA may, before granting an Employment Agency Licence, require the applicant to give such security as may be prescribed. To this end, the Employment Agencies Rules provides that the CEA may, before granting or renewing an Employment Agency Licence, require the applicant to give a security deposit not exceeding S\$60,000 in such form as the CEA may allow (“**Security Deposit**”).

Rule 6(1) of the Employment Agencies Rules further provides that, subject to Rule 6(2), the CEA shall not grant or renew an Employment Agency Licence unless (a) the applicant; and (b) where the licence is for the carrying on of an employment agency, all the key appointment holders of the employment agency, have attended and successfully completed such courses of training and passed such tests of proficiency as the CEA may determine.

Section 11 of the Employment Agencies Act provides that the CEA may suspend or revoke an Employment Agency Licence if he is satisfied that, amongst others, the licensee is contravening or has contravened any of the provisions of the Employment Agencies Act or has failed to comply with any of the conditions of the Employment Agency Licence.

In addition, Section 12A of the Employment Agencies Act provides that any licensee shall, before permitting or authorising any employment agency personnel to perform any specified employment agency work (as such term is defined in the Employment Agencies Act), apply to the CEA for the employment agency personnel to be registered as such, and any person who contravenes Section 12A(1) of the Employment Agencies Act shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000 or to imprisonment for a term not exceeding six months or to both.

Tripartite Guidelines on Fair Employment Practices

The Tripartite Guidelines on Fair Employment Practices (“**Guidelines**”), formulated by the Tripartite Alliance for Fair and Progressive Employment Practices (“**TAFEP**”), sets out fair employment practices that should be adopted by employers to help prevent discrimination at the workplace. The MOM and TAFEP make reference to the Guidelines in promoting fair and responsible employment practices. Employers are expected to abide by the principles of fair employment and adopt the recommended good practices.

GOVERNMENT REGULATIONS

The five principles of fair employment practices are:

- (1) Recruit and select employees on the basis of merit (such as skills, experience or ability to perform the job), and regardless of age, race, gender, religion, marital status and family responsibilities, or disability.
- (2) Treat employees fairly and with respect and implement progressive human resource management systems.
- (3) Provide employees with equal opportunity to be considered for training and development based on their strengths and needs to help them achieve their full potential.
- (4) Reward employees fairly based on their ability, performance, contribution and experience.
- (5) Abide by labour laws and adopt the Guidelines.

The Guidelines set out fair employment practices in respect of, amongst others, selection criteria, recruitment process, remuneration, appraisal, promotion, posting and training, and dismissals and retrenchments. For instance, the Guidelines provide that, in respect of the recruitment process, an objective and fair selection criteria should be consistently applied at all stages of the process, and in respect of remuneration, employers should remunerate employees fairly, taking into consideration factors such as ability, performance, contribution and experience.

Personal Data Protection Act

The Personal Data Protection Act, No. 26 of 2012 (“**PDPA**”) establishes the Singapore regime for the protection of personal data (i.e. data, whether true or not, about an individual who can be identified from that data or other information accessible to the relevant organisation) and seeks to ensure that organisations comply with a baseline standard of protection for personal data of individuals. The nine data protection obligations are summarised as follows:

- Purpose limitation obligation – personal data must be collected, used or disclosed only for purposes that a reasonable person would consider appropriate in the circumstances, and if applicable, have been notified to the individual concerned;
- Notification obligation – individuals must be notified of the purposes for the collection, use or disclosure of their personal data, prior to such collection, use or disclosure;
- Consent obligation – the consent of individuals must be obtained for any collection, use or disclosure of their personal data, unless exceptions apply. Additionally, an organisation must allow the withdrawal of consent which has been given or is deemed to have been given;
- Access and correction obligations – when requested by an individual and unless exceptions apply, an organisation must: (i) provide that individual with access to his personal data in the possession or under the control of the organisation and information about the ways in which his personal data may have been used or disclosed during the past year; and/or (ii) correct an error or omission in his personal data that is in the possession or under the control of the organisation;

GOVERNMENT REGULATIONS

- Accuracy obligation – an organisation must make reasonable efforts to ensure that personal data collected by or on its behalf is accurate and complete if such data is likely to be used to make a decision affecting the individual or if such data will be disclosed to another organisation;
- Protection obligation – an organisation must implement reasonable security arrangements for the protection of personal data in its possession or under its control;
- Retention limitation obligation – an organisation must not keep personal data for longer than it is necessary to fulfill: (i) the purposes for which it was collected; or (ii) a legal or business purpose;
- Transfer limitation obligation – personal data must not be transferred out of Singapore except in accordance with the requirements prescribed under the PDPA; and
- Openness obligation – an organisation must implement the necessary policies and procedures in order to meet the obligations under the PDPA and shall make information about its policies and procedures publicly available.

Non-compliance may lead to financial penalties, civil liability or criminal liability. The Singapore regulator, the Personal Data Protection Commission, also has broad powers to order the organisations to comply with the provisions of the PDPA.

Employment of Foreign Manpower Act and Employment of Foreign Manpower (Work Passes) Regulations 2012

The employment of foreign manpower in Singapore is governed by the Employment of Foreign Manpower Act, Chapter 91A of Singapore (“**EFMA**”) and is regulated by the MOM.

Section 5(1) of the EFMA provides that no person shall employ a foreign employee unless the foreign employee has a valid work pass issued by the Controller of Work Passes in accordance with the Employment of Foreign Manpower (Work Passes) Regulations 2012 (“**Work Passes Regulations**”). Any person who contravenes Section 5(1) of the EFMA shall be guilty of an offence and shall:

- (a) be liable on conviction to a fine not less than S\$5,000 and not more than S\$30,000 or to imprisonment for a term not exceeding 12 months or to both; and
- (b) on a second or subsequent conviction:
 - (i) in the case of an individual, be punished with a fine of not less than S\$10,000 and not more than S\$30,000 and with imprisonment for a term of not less than one (1) month and not more than 12 months; or
 - (ii) in any other case, be punished with a fine of not less than S\$20,000 and not more than S\$60,000.

GOVERNMENT REGULATIONS

Central Provident Fund Act

The Central Provident Fund Act, Chapter 36 of Singapore (“**CPF Act**”) governs the contributions made by employers and employees into the CPF. The CPF Act is administered by the Central Provident Fund Board.

Section 7(1) of the CPF Act provides that subject to Section 69 of the CPF Act and any regulations made under Section 77 of the CPF Act, every employer of an employee shall pay to the CPF monthly in respect of each employee contributions at the appropriate rates set out in the First Schedule of the CPF Act. Pursuant to Section 7(2) of the CPF Act, notwithstanding the provisions of any written law or any contract to the contrary, an employer is allowed to recover from the monthly wages of an employee the amount shown in the First Schedule of the CPF Act as so recoverable from the employee.

Section 9(1) of the CPF Act provides that, where the amount of the contributions which an employer is liable to pay under Section 7 of the CPF Act in respect of any month is not paid within such period as may be prescribed, the employer shall be liable to pay interest on the amount for every day the amount remains unpaid commencing from the first day of the month succeeding the month in respect of which the amount is payable.

Section 7(3) of the CPF Act provides that where any employer who has recovered any amount from the monthly wages of an employee in accordance with the CPF Act and fails to pay the contributions to the CPF within such time as may be prescribed, he shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding seven (7) years or to both.

Section 61(1) of the CPF Act provides that except as otherwise provided in Section 61(2) of the CPF Act, any person convicted of an offence under the CPF Act for which no penalty is provided shall be liable on conviction:

- (a) to a fine not exceeding S\$5,000 or to imprisonment for a term not exceeding six months or to both; and
- (b) if that person is a repeat offender in relation to the same offence, to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

Section 61(2) of the CPF Act provides that where any person:

- (a) is guilty of an offence under Section 7(5) or 58(b) of the CPF Act; or
- (b) being a director, manager or secretary or any other officer of a body corporate, is guilty of an offence under Section 60 by virtue of the fact that an offence under Section 7(3) or (5) or 58(b) of the CPF Act has been committed by that body corporate and is found to have been committed with the consent or connivance of or to be attributable to any act or default on the part of that person,

that person shall be liable on conviction:

- (i) to a fine of not less than S\$1,000 and not more than S\$5,000 or to imprisonment for a term not exceeding six months or to both; and
- (ii) if that person is a repeat offender in relation to the same offence, to a fine of not less than S\$2,000 and not more than S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

GOVERNMENT REGULATIONS

Work Injury Compensation Act

The Work Injury Compensation Act, Chapter 354 of Singapore (“**WICA**”), which is regulated by the MOM, applies to all employees (with the exception of any class of persons specified in the Fourth Schedule of the WICA) who have entered into or work under a contract of service or apprenticeship with an employer, in relation to the payment of compensation for injury suffered by such employees in the course of their employment, and sets out, amongst others, the amount of compensation they are entitled to and the method(s) of calculating such compensation.

The WICA provides, amongst others, that if in any employment, personal injury by accident arising out of and in the course of the employment is caused to an employee, the employer shall be liable to pay compensation in accordance with the provisions of the WICA. The amount of compensation under the WICA in respect of any personal injury of an employee caused by accident arising out of and in the course of his employment shall be computed in accordance with the Third Schedule of the WICA.

Certain Singapore Government Initiatives

Wage Credit Scheme

The WCS was initially introduced in the Singapore Budget 2013 as a three year scheme under which the Singapore Government would co-fund 40% of wage increases given to Singaporean employees earning a gross monthly wage up to S\$4,000 from 2013 to 2015. Through WCS, businesses affected by economic restructuring received support from the Singapore Government to help businesses raise their employees’ wages, and the payouts were intended to incentivise employers to share productivity gains with their employees.

In the Singapore Budget 2015, it was announced that the WCS would be extended for two years (that is, for 2016 and 2017) with reduced level of co-funding at 20% instead of 40%, to give employers more time to adjust to rising wages in the tight labour market.

Special Employment Credit

The SEC was first introduced as an initiative in the Singapore Budget 2011 to encourage employers to attract and keep older workers (“**Initial SEC**”).

The Initial SEC was enhanced in 2012 whereupon employers received an SEC of 8.0% of income for each Singaporean worker aged above 50 who earns up to S\$3,000 per month. Employers of Singaporean workers aged above 50 and earning between S\$3,000 and S\$4,000 received a lower amount of SEC. Such enhancement was intended to be in place for five years from 2012 to 2016.

In the Singapore Budget 2014, the SEC was enhanced for one year to help employers cope with cost increases associated with the increase in CPF contribution rates for older workers (“**2014 Enhancement**”). With the 2014 Enhancement, employers who hired Singaporeans aged above 50 (between 1 January 2015 to 31 December 2015) received an additional 0.5% of SEC (that is, a total of up to 8.5%) of an employee’s monthly wages.

GOVERNMENT REGULATIONS

In the Singapore Budget 2015, an additional SEC of up to 3.0% of an employee's monthly wages for 2015 was introduced to encourage employers to voluntarily re-employ Singaporeans aged 65 and above. It follows that employers who hired such Singaporean workers between 1 January 2015 and 31 December 2015 received a SEC of up to 11.5% of an employee's monthly wages.

In the Singapore Budget 2016, the Singapore Government extended the SEC for three years from 1 January 2017 to 31 December 2019 to provide wage offsets to employers hiring Singaporean workers aged 55 and above, and earning up to S\$4,000 (**"Extended SEC"**).

The Extended SEC is tiered by employee age to provide stronger support for employers hiring Singaporeans in the older age bands, where employment rates are lower. Employers who hire workers aged 65 and above, with monthly wages of not more than S\$3,000 per month, will receive the highest SEC of 8.0% of the employee's monthly wages. The wage offset will be up to 5.0% for workers aged 60 to 64, and up to 3.0% for those aged 55 to 59.

Subsequently, in the Singapore Budget 2017, the Singapore Government implemented an additional SEC for the period from 1 July 2017 to 31 December 2019 whereby employers will receive wage offsets of up to 3.0% for workers who earn under S\$4,000 per month, and who are not covered by the new re-employment age of 67 years old (which new re-employment age will take effect from 1 July 2017).

Temporary Employment Credit

The TEC was announced in the Singapore Budget 2014 as a one-year measure to help employers cope with higher wage costs arising from a one percentage point increase in the CPF employer contribution rate from 1 January 2015. Under the original TEC, employers received a one-year offset of 0.5% of wages for Singaporean and Singaporean Permanent Resident workers up to the CPF salary ceiling of S\$5,000 per month.

As announced in the Singapore Budget 2015, the TEC was further enhanced and extended (**"TEC Enhancement and Extension"**) to help companies adjust to the cost of increases associated with additional CPF changes. The TEC was raised to 1.0% of wages in 2015, or an additional 0.5% on top of the original TEC. The TEC was also extended by two years.

Following the TEC Enhancement and Extension, employers received a TEC to offset the wages of their Singaporean and Singapore Permanent Resident workers paid in the calendar year, as shown in the table below:

Year	TEC
2015	1.0% of wages up to the CPF salary ceiling of S\$5,000
2016	1.0% of wages up to the CPF salary ceiling of S\$6,000
2017	0.5% of wages up to the CPF salary ceiling of S\$6,000

GOVERNMENT REGULATIONS

HONG KONG

Employment Ordinance (Chapter 57 of the laws of Hong Kong) (the “Employment Ordinance”) and Employment Agency Regulations (Chapter 57A of the laws of Hong Kong) (the “Employment Agency Regulations”)

Wages

Definitions

“Wages” means all remuneration, earning, allowances, tips and services charges, however, designated or calculated, payable to an employee in respect of work done or work to be done. Allowances including travelling allowances, attendance allowances, commission or overtime pay are within the definition of wages. However, it does not include:

- (a) the value of any accommodation, education, food, fuel, water, light or medical provided by the employer;
- (b) employer’s contribution to any retirement scheme;
- (c) commission, attendance allowance or attendance bonus which is of a gratuitous nature or is payable only at the discretion of the employer;
- (d) non-recurrent travelling allowance or the value of any travelling concession or travelling allowance for actual expenses incurred by the employment;
- (e) any sum payable to the employee to defray special expenses incurred by him/her by the nature of his/her employment;
- (f) end of year payment, or annual bonus which is of a gratuitous nature or is payable only at the discretion of the employer; and
- (g) gratuity payable on completion or termination of a contract of employment.

An employee’s entitlements to end of year payment, maternity leave pay, severance payment, long service payment, sickness allowance, holiday pay, annual leave pay and wages in lieu of notice are calculated according to the above definition of wages.

Overtime pay should also be included in calculating the above payments if it is of a constant character or its monthly average over the past 12 months is not less than 20% of the average monthly wages of the employee during the same period.

Deductions from wages

An employer is prohibited from deducting wages from his employee, except under the following circumstances:

- (a) deductions for absence from work. The sum to be deducted should be proportionate to the period of time the employee is absent from work;
- (b) deductions for damage to or loss of the employer’s goods, equipment, or property by the employee’s neglect or default. In any one case, the sum to be deducted shall be equivalent to the value of the damage or loss but not exceeding HK\$300. The total of such deductions shall not exceed one quarter of the wages payable to the employee in that wage period;

GOVERNMENT REGULATIONS

- (c) deductions for the recovery of any advanced or over-paid wages to the employee. The total sum to be deducted shall not exceed one quarter of the wages payable to the employee in that wage period;
- (d) deductions of the value of food and accommodation the employer supplies to the employee;
- (e) deductions, at the written request of the employee, in respect of contributions to be paid by the employee through the employer for any medical scheme, superannuation scheme, retirement scheme or thrift scheme;
- (f) deductions, with the employee's written consent, for the recovery of any loan made by the employer to the employee;
- (g) deductions in respect of paternity leave pay paid to the employee before the required document is provided if the employee fails to provide the employer with the required document within three months after the first day of paternity leave taken, or if the employee has ceased to be employed, fails to provide the required document before the cessation of employment;
- (h) deductions which are required or authorised under any enactment to be made from the wages of the employee;
- (i) deductions for outstanding maintenance payment owed by the employee pursuant to the Attachment of Income Order issued by the court.

Deductions under items (a) to (h) shall have priority over item (i).

Unless with the approval in writing of the Commissioner for Labour, the total of all deductions, except those for absence from work and outstanding maintenance payment, made in any one wage period shall not exceed half of the wages payable in that period.

Payment of wages

Wages shall become due on the expiry of the last day of the wage period. An employer should pay wages to an employee as soon as practicable but in any case not later than seven days after the end of the wage period. An employer is required to pay interest on the outstanding amount of wages to the employee if he/she fails to pay wages to the employee within seven days when it becomes due.

Offences and penalties

An employer who makes an illegal deduction from wages of an employee is liable to prosecution and, upon conviction, to a fine of HK\$100,000 and to imprisonment for one year.

An employer who wilfully and without reasonable excuse fails to pay wages to an employee when it becomes due is liable to prosecution and, upon conviction, to a fine of HK\$350,000 and to imprisonment for three years.

An employer who wilfully and without reasonable excuse fails to pay interest on the outstanding amount of wages to the employee is liable to prosecution and, upon conviction, to a fine of HK\$10,000.

GOVERNMENT REGULATIONS

Failure to pay wages

An employer who is no longer able to pay wages due should terminate the contract of employment in accordance with its terms.

If wages are not paid within one month after they become due, an employee may deem his contract of employment to be terminated by his employer without notice and is entitled to payment in lieu of notice in addition to other statutory and contractual termination payments.

Employment Agency

Under the Employment Ordinance, “employment agency” means a person who operates a business the purpose of which is:

- (a) to obtain employment for another person; or
- (b) to supply the labour of another person to an employer,

whether or not the person who operates the business will derive any pecuniary or other material advantage from either the employer or such other person.

The Employment Ordinance applies to all employment agencies in Hong Kong except those which are:

- (a) carried on or subvented by the Government of Hong Kong;
- (b) carried on under the Merchant Shipping (Seafarers) Ordinance (Chapter 478 of the laws of Hong Kong);
- (c) carried on by employers solely for employing persons for themselves;
- (d) carried on by contractors or sub-contractors who employ people on work for others;
- (e) non-profit making and carried on by the proprietors of publications; or
- (f) non-profit making and carried on by a recognised educational institution solely for the employment of the students or graduates of that educational institution.

Licence

The operator of an employment agency must obtain a licence or certificate of exemption from the Commissioner for Labour. Any person operating as an employment agent without a licence or certificate of exemption shall be guilty of an offence and shall be liable on conviction to a fine of HK\$50,000.

The licence is valid for 12 months from the date of issue. A duplicate licence is required for each branch office of an employment agency. Such licence (including main and duplicate licences) must be displayed in a conspicuous position at the place of business of an employment agency. Any person contravening such requirement shall be guilty of an offence and shall be liable on conviction to a fine of HK\$10,000.

GOVERNMENT REGULATIONS

Application for licence or exemption

An application for the issue of a licence must be made to the Commissioner for Labour in the prescribed form not later than one month before the applicant intends to commence business. An application for the renewal of a licence must be made in the prescribed form at least two months before the licence expires.

Pursuant to Section 58 of the Employment Ordinance, the Commissioner for Labour may refuse to issue or renew a licence, or may revoke a licence, if he is satisfied on reasonable grounds:

- (a) that the name under which the employment agency is operated or is intended to be operated:
 - (i) is identical with the name of another employment agency which is being, or has been, carried on by another person; or
 - (ii) so nearly resembles the name of another employment agency as to be likely to deceive the public;
- (b) that the employment agency is being, or is likely to be, used for unlawful or immoral purposes; or
- (c) that the person operating, or intending to operate, the employment agency:
 - (i) is an undischarged bankrupt;
 - (ii) has, within the preceding five years, been convicted of an offence against the person of a child, young person or woman or of an offence involving membership of a triad society, fraud, dishonesty or extortion;
 - (iii) has knowingly furnished to the Commissioner for Labour any false or misleading information in connection with his/her application for the issue or renewal of the licence;
 - (iv) has contravened any provision of Part XII of the Employment Ordinance or Employment Agency Regulations; or
 - (v) is not, for any other reason, a fit and proper person to operate an employment agency.

An application for exemption must be made in the prescribed form to the Commissioner for Labour who may grant exemption to an employment agency if he is satisfied that it is non-profit making and should, in the public interest, be so exempted. The Commissioner for Labour may withdraw an exemption granted if he is satisfied that the employment agency has ceased to be non-profit making or should not be so exempted in the public interest.

Change in particulars

A licensee must notify the Commission of Labour of the following matters within the specified time frame:

- (a) change of nominated operator – within 14 days after the change;
- (b) change of director or partner – within 14 days after the change;

GOVERNMENT REGULATIONS

- (c) change of place of business – within 14 days before the change; and
- (d) cessation of business – within seven days after the cessation of business.

Any person failing to notify the Commissioner of Labour of the above matters within the specified time frame shall be guilty of an offence and liable on conviction to a fine of HK\$10,000.

Maintenance of records

A licensee has to maintain a record showing particulars of every person who registers with his/her employment agency for employment. This record:

- (a) should contain the person's name, address, Hong Kong identity card number (and in the case of a non-resident, the person's passport number and citizenship), fee and commission received, date of employment and name and address of employer. If the collection of the aforementioned personal data is for the purpose of complying with the Employment Ordinance, it would not constitute a breach of the Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong);
- (b) must be retained for a period of not less than 12 months after the expiration of each accounting year of the employment agency; and
- (c) must be made available for inspection by the Commissioner for Labour or any public officer authorised by him at all times at the place of business of his/her employment agency.

Any person failing to maintain records in the above manner shall be guilty of an offence and liable on conviction to a fine of HK\$10,000.

Prohibited acts in respect of employment agencies

A licensee must not by any means:

- (a) receive from a job applicant, in connection with obtaining employment for him/her, any fees or reward (except the prescribed commission);
- (b) share with any person, other than another licensee or a partner or shareholder in his/her employment agency, the prescribed commission;
- (c) enter, except with the written permission of the Commissioner for Labour, into an agreement, express or implied, with an employer whereby:
 - (i) the employer undertakes to employ only persons who seek employment through the licensee's employment agency; and
 - (ii) the licensee agrees to pay or give to the employer some form of material benefit.

Any person failing to comply with the above requirements shall be guilty of an offence and shall be liable on conviction to a fine of HK\$50,000.

A licensee shall not lend, transfer or assign his/her licence to another person. Any person in contravention with this requirement shall be guilty of an offence and shall be liable on conviction to a fine of HK\$100,000.

GOVERNMENT REGULATIONS

Maximum commission receivable by an employment agency

The maximum commission which may be received by an employment agency from each job-seeker is an amount not exceeding 10% of his/her first month's wages received after he/she has been successfully placed. Any person failing to comply with this requirement shall be guilty of an offence and shall be liable on conviction to a fine of HK\$50,000.

The second schedule of the Employment Agency Regulations, showing the maximum commission which may be received by an employment agency, must be displayed at all times in a conspicuous position at the place of business of the employment agency. Any person failing to comply with this requirement shall be guilty of an offence and is liable on conviction to a fine of HK\$10,000.

Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong) (the “PDPO”)

Data protection principles

The PDPO covers any data relating directly or indirectly to a living individual (data subject), from which it is practicable to ascertain the identity of the individual and which are in a form in which access or processing is practicable. It applies to data user, i.e. any person who, either alone or jointly or in common with other persons, controls the collection, holding, processing or use of personal data.

In collecting, holding, processing and using job applicants' personal data, the licensee must comply with the data protection principles of the PDPO, which are:

- Principle 1 – Purpose and manner of collection. This provides for the lawful and fair collection of personal data and sets out the information a data user must give to a data subject when collecting personal data from that subject.
- Principle 2 – Accuracy and duration of retention. This provides that personal data should be accurate, up-to-date and kept no longer than necessary.
- Principle 3 – Use of personal data. This provides that unless the data subject gives consent otherwise, personal data should be used for the purposes for which they were collected or a directly related purpose.
- Principle 4 – Security of personal data. This requires appropriate security measures to be applied to personal data (including data in a form in which access to or processing of the data is not practicable).
- Principle 5 – Information to be generally available. This provides for openness by data users about the kinds of personal data they hold and the main purposes for which personal data are used.
- Principle 6 – Access to personal data. This provides for data subjects to have rights of access to and correction of their personal data.

GOVERNMENT REGULATIONS

The PDPO provides specific exemptions from its requirements. They include:

- (a) a broad exemption from the provisions of the PDPO for personal data held for domestic or recreational purposes;
- (b) exemptions from the requirements on subject access for certain employment related personal data; and
- (c) exemptions from the subject access and use limitation requirements of the PDPO where their application is likely to prejudice certain competing public or social interests, such as security, defence and international relations, prevention or detection of crime, assessment or collection of any tax or duty, news activities and health.

According to Section 65 of the PDPO, any act done or conduct engaged in by an employee shall be treated as done or engaged in by his/her employer as well as by him/her, whether or not it was done or engaged in with the employer's knowledge or approval. However, it can serve as a defence if the employer can prove that he/she/it has taken practicable steps to prevent the employee from breaching the PDPO.

Use of personal data in direct marketing

"Direct marketing" means the offering, or advertising of the availability, of goods, facilities or services, or the solicitation of donations or contributions for charitable, cultural, philanthropic, recreational, political or other purposes, through sending information or goods, addressed to specific persons by name, by mail, fax, electronic mail or other means of communication; or making telephone calls to specific persons.

Data users to take specified action before using or providing personal data to others for use in direct marketing

A data user who intends to use or provide the personal data of a data subject to others for use in direct marketing should inform the data subject of certain prescribed information and provide the data subject with a response channel through which the data subject may indicate whether he/she objects to the intended use or provision. Data users will have to present the prescribed information in a manner which is easily readable and understandable. Such prescribed information includes the kinds of personal data to be used or provided, the classes of marketing subjects in relation to which the data is to be used for direct marketing, and, where appropriate, the classes of persons to which the data is to be provided for direct marketing purpose. If the personal data is to be provided for gain, the data user must inform the data subject the data is to be so provided.

Data users must not use or provide personal data to others for use in direct marketing without data subject's consent or indication of no objection

A data user can only use or provide a data subject's personal data to others for use in direct marketing if he/she/it has provided the prescribed information and response channel to the data subject and received a reply from the data subject indicating that the data subject consents or does not object to the data user doing so.

GOVERNMENT REGULATIONS

Data subjects may require data users to cease to use or provide personal data to others for use in direct marketing

A data user must comply with a data subject's request at any time to cease to use or cease to provide the data subject's personal data to others for use in direct marketing, and to notify any person to whom the data subject's personal data has been so provided to cease to use the data in direct marketing.

Data users must notify data subjects when using personal data in direct marketing for the first time

A data user must, when using a data subject's personal data in direct marketing for the first time, inform the data subject that the data user must cease to use the data in direct marketing if the data subject so requires.

Exemptions

The offering or advertising of social or health care services by certain service providers to a data subject is exempt from the foregoing requirements unless the data subject's personal data is provided to another person for use in direct marketing for gain. Such service providers to which the exemption applies include public bodies such as the Social Welfare Department, the Hospital Authority or the Department of Health.

Offences and penalties

Breaches of the requirements by data users under the PDPO are offences. For those contraventions involving the provision of personal data for gain, the maximum penalty is a fine of HK\$1,000,000 and imprisonment for five years. For other contraventions, the maximum penalty is a fine of HK\$500,000 and imprisonment for three years. The maximum penalty for the failure of a data user to notify a data subject of his/her opt-out right when using personal data in direct marketing for the first time is a fine of HK\$500,000 and imprisonment for three years.

Minimum Wage Ordinance (Chapter 608 of the laws of Hong Kong) (the “Minimum Wage Ordinance”)

The Minimum Wage Ordinance establishes a statutory minimum wage regime aimed at striking an appropriate balance between forestalling excessively low wages and minimising the loss of low-paid jobs while sustaining Hong Kong's economic growth and competitiveness.

Statutory minimum wage became effective on 1 May 2011. With effect from 1 May 2015, the statutory minimum wage rate has been HK\$32.50 per hour. In essence, wages payable to an employee in respect of any wage period, when averaged over the total number of hours worked in the wage period, should be no less than the statutory minimum wage rate.

Statutory minimum wage applies to all employees, whether they are monthly-rated, daily-rated, permanent, casual, full-time, part-time or other employees, and regardless of whether or not they are employed under a continuous contract as defined in the Employment Ordinance, with the following exceptions:

- (a) persons to whom the Employment Ordinance does not apply;
- (b) live-in domestic workers, irrespective of their sex or race; and

GOVERNMENT REGULATIONS

- (c) student interns as well as work experience students during a period of exempt student employment.

Employees' Compensation Ordinance (Chapter 282 of the laws of Hong Kong) (the "Employees' Compensation Ordinance")

The Employees' Compensation Ordinance establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases.

Under the Employees' Compensation Ordinance, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, an employee who suffers incapacity arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

According to Section 15 of the Employees' Compensation Ordinance, an employer must notify the Commissioner for Labour of any work accident by submitting Form 2 (within 14 days for general work accidents and within seven days for fatal accidents), irrespective of whether the accident gives rise to any liability to pay compensation. If the occurrence of such accident was not brought to the notice of the employer or did not otherwise come to his knowledge within such periods of seven or 14 days (as the case may be) then such notice shall be given not later than seven days or, as may be appropriate, 14 days after the occurrence of the accident was first brought to the notice of the employer or otherwise came to his knowledge.

Pursuant to Section 40 of the Employees' Compensation Ordinance, all employers are required to take out insurance policies to cover their liabilities both under the Employees' Compensation Ordinance and at common law for injuries at work in respect of all their employees (including full-time and part-time employees).

An employer who fails to comply with the Employees' Compensation Ordinance to secure an insurance policy to cover their liabilities is liable on conviction upon indictment to a fine of HK\$100,000 and to imprisonment for two years, and on summary conviction to a fine of HK\$100,000 and imprisonment for one year.

Occupational Safety and Health Ordinance (Chapter 509 of the laws of Hong Kong) (the "Occupational Safety and Health Ordinance")

The Occupational Safety and Health Ordinance provides for the safety and health protection to employees in workplaces, both industrial and non-industrial.

Employers must, as far as reasonably practicable, ensure the safety and health of their employees at work by attending to the following:

- (a) providing and maintaining plant and systems of work that are, so far as reasonably practicable, safe and without risks to health;
- (b) making arrangements for ensuring, so far as reasonably practicable, safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances;

GOVERNMENT REGULATIONS

- (c) providing such information, instruction, training and supervision as may be necessary to ensure, so far as reasonably practicable, the safety and health at work of the employer's employees;
- (d) as regards any workplace under the employer's control:
 - (i) maintaining the workplace in a condition that is, so far as reasonably practicable, safe and without risks to health; or
 - (ii) providing and maintaining means of access to and egress from the workplace that are, so far as reasonably practicable, safe and without any such risks;
- (e) providing and maintaining a working environment for the employer's employees that is, so far as reasonably practicable, safe and without risks to health.

Failure to comply with the above provisions constitutes an offence, and the employer is liable on conviction to a fine of HK\$200,000. An employer who fails comply with the above provisions intentionally, knowingly or recklessly, commits an offence and is liable on conviction to a fine of HK\$200,000 and to imprisonment for six months.

The Commissioner for Labour is also empowered to issue improvement notices and suspension notices against activity of workplace which may create an imminent hazard to the employees. Failure to comply with the improvement notices and suspension notices issued by the Commissioner for Labour constitutes an offence punishable by a fine of HK\$200,000 and HK\$500,000, respectively and imprisonment of up to 12 months.

Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong)

Employers are required to enrol their regular employees (except for certain exempt persons) aged between at least 18 but under 65 years of age and employed for 60 days or more in an Mandatory Provident Fund ("MPF") scheme within the first 60 days of employment.

For both employees and employers, it is mandatory to make regular contributions into an MPF scheme. For an employee, subject to the maximum and minimum levels of income (HK\$25,000 and HK\$7,100 per month, respectively before 1 June 2014 or HK\$30,000 and HK\$7,100 per month, respectively on or after 1 June 2014), an employer will deduct 5% of the relevant income on behalf of an employee as mandatory contributions to a registered MPF scheme with a ceiling of HK\$1,250 before 1 June 2014 or HK\$1,500 on or after 1 June 2014. An employer will also be required to contribute an amount equivalent to 5% of an employee's relevant income to the MPF scheme, subject only to the maximum level of income (HK\$25,000 per month before 1 June 2014 or HK\$30,000 on or after 1 June 2014).

An employer who fails to enrol his relevant employee in an MPF scheme is liable to a maximum fine of HK\$350,000 and to imprisonment of three years.

An employer who fails to pay contributions for his employee is liable to a maximum fine of HK\$350,000 and imprisonment of three years. If the employer also deducts the employee's mandatory contributions from the wages of the employee but fails to pay them to the trustee or the Mandatory Provident Fund Schemes Authority, he/she is liable to a fine of \$450,000 and to imprisonment of four years.

GOVERNMENT REGULATIONS

JAPAN

General Rules of Labor and Employment

The Labor Standards Act, the Labor Contract Act and its respective related regulations and guidelines impose various requirements on all employers in Japan. The maximum working hours allowed under these Acts are eight hours per day and 40 hours per week, and a holiday must be given to its employees at least once a week or four days per four weeks. If an employer wishes to have its employees engage in overtime work or work on holidays, an employer must enter into a labor-management agreement with the representative of its employees and file the same with the Labor Standards Inspection Office (“**LSIO**”). LSIO is a governmental regulatory authority that inspects employers in a random manner (normally once in a few years or when there is a whistle-blower, in response to such whistle-blowing), and gives warnings or instructions to make necessary rectification when it finds any breach of laws. The LSIO plays an important role in enforcing the labor legislation in Japan, and it is quite rare that an employer is subject to penalties as long as it follows the LSIO’s warning or instruction. Also, an employer must pay increased wages for overtime, holiday and midnight (between 10 p.m. and 5 a.m.) work.

An employer which has 10 or more employees per workplace must set up its work rules and file the same with the LSIO.

An employer may only dismiss an employee for reasons that are objective, logical and reasonable, and a dismissal without such objective and logical reasons is invalid.

Required Licenses and Governmental Approvals

Employment Placement for Fee

In Japan, the Employment Security Act and its related regulations and guidelines impose various requirements on fee-paying employment placement business. A fee-paying employment placement business is defined as a business acting as an intermediary to form an employer-employment relationship between job seekers and job offerers for a fee. Under the Employment Security Act, anyone who operates the fee-paying employment placement business is required to obtain a license from the Minister of Health, Labor and Welfare. In addition, an operator of the fee-paying employment placement business is required to appoint an employment placement manager, prepare and retain necessary documents, and file a report with the Minister of Health, Labor and Welfare annually, to ensure that the business is operated in compliance with the applicable laws. Anyone who does not comply with the Employment Security Act may be subject to a criminal penalty (generally imprisonment of up to one year or fine of up to JPY1,000,000).

Specified Worker Dispatch

In Japan, the Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Worker (“**Worker Dispatch Act**”) and its related regulations and guidelines impose various requirements on worker dispatch business, which is defined as a business to dispatch its employees to its clients and have them work under instructions of the clients. Under the Worker Dispatch Act, a person who operates the specified worker dispatch business is required to make a filing with the Minister of Health, Labor and Welfare. Also, a person who operates the specified worker dispatch business must appoint a manager responsible for worker dispatch, prepare and retain necessary documents, and file a report with the Minister of Health, Labor and Welfare annually, to ensure that the business is operated in compliance with the applicable laws. Anyone who does not comply with the Worker Dispatch Act may be subject to a criminal penalty (generally imprisonment of up to one year or fine

GOVERNMENT REGULATIONS

of up to JPY1,000,000). The Worker Dispatch Act was amended on 1 October 2015 and pursuant to the amendment, all operators of the specified worker dispatch business are required to obtain license from the Minister of Health, Labor and Welfare from 1 April 2018.

Regulations regarding Privacy and Protection of Personal Information and User Data

In Japan, the Act on the Protection of Personal Information and its related guidelines impose various requirements on businesses that use databases containing personal information. Under the Act on the Protection of Personal Information, business operators are required to lawfully use personal information they have obtained within the purpose of use specified at the time they are obtained, and take appropriate measures to maintain security of such information. Business operators are also restricted from providing personal information to third parties. An amendment to the Act on the Protection of Personal Information was enacted in September 2015, which established a new regulatory authority and introduced new regulation on handling of anonymous personal data and transfer of personal information to foreign countries. This amendment came into effect on 30 May 2017.

PRC

Regulation Relating to Human Resources Services

The principal regulation governing ownership of human resources services companies in China is the Interim Regulations on the Administration of China-Foreign Equity Joint Venture as Human Resources Agencies, jointly promulgated by the PRC Ministry of Personnel (which has been reorganised into the PRC Ministry of Human Resources and Social Security), the PRC Ministry of Commerce (“**MOFCOM**”), and the PRC State Administration for Industry and Commerce (“**SIAC**”) in September 2003, and amended in May 2005. Under this regulation, the percentage of foreign ownership of the equity interest of a foreign-invested human resources services company cannot be less than 25% or more than 49%, unless the foreign investor is from the Hong Kong Special Administrative Region of the PRC or the Macau Special Administrative Region of the PRC, in which case foreign ownership of up to 70% of the equity interest is permitted.

On 16 November 2007, the PRC Ministry of Personnel, MOFCOM and SAIC jointly promulgated the supplementary provisions of the Interim Regulations on the Administration of China-Foreign Equity Joint Venture as Human Resources Agencies. According to the supplementary provisions, there are no restrictions on the percentage of foreign ownership on the service providers from the Hong Kong Special Administrative Region of the PRC or the Macau Special Administrative Region of the PRC. Investors from Hong Kong and the Macau Special Administrative Region of the PRC are permitted to own 100% of the equity interest in a foreign-invested human resources agency. The “service providers” shall have the meaning defined under the Closer Economic Partnership Arrangement entered into between mainland China and Hong Kong Special Administrative Region and the Macau Special Administrative Region respectively.

Human resources services companies in China are mainly regulated by the Ministry of Human Resources and Social Security of the PRC. The principal regulation applicable to human resources services companies is the Regulations on Administration of Human Resource Markets, jointly promulgated by the PRC Ministry of Personnel and SAIC on 11 September 2001 and amended on 22 March 2005. Under this regulation, any entity providing human resource services in China must obtain a human resources services licence from the local Administration of Personnel.

GOVERNMENT REGULATIONS

Regulations Relating to Intellectual Property Rights

China has adopted comprehensive legislation governing intellectual property rights, including trademarks, patents and copyrights. China has adhered to the main international conventions on intellectual property rights and has become a member of the Agreement on Trade Related Aspects of Intellectual Property Rights upon its accession to the World Trade Organisation, or WTO, in December 2001.

China amended its Copyright Law in 2001 to widen the scope of works that are eligible for copyright protection. The amended Copyright Law extends copyright protection to cover internet activities and products disseminated over the internet. Copyrighted software is protected under the Copyright Law and other regulations. In addition, there is a voluntary registration system administered by the China Copyright Protection Centre. In 2010, China amended its Copyright Law and the copyright administration department of the Central People's Government of the People's Republic of China is responsible for registration of copyright pledge.

Registered trademarks are protected under the Trademark Law adopted in 1982 and revised in 2001. Trademarks can be registered with the Trademark Office of SAIC for renewable ten year periods. Trademark licence agreements are required to be filed with the Trademark Office of SAIC for the record.

Domain name disputes are governed by the Measures on Domain Name Dispute Resolution implemented by the Chinese Internet Network Information Centre, or the CNNIC, on 17 March 2006, as amended in May 2012, under which the CNNIC can authorise domain name dispute resolution institutions to decide disputes.

Regulations Relating to Privacy and Data Protection

Certain data and services collected, provided or used by us or provided to and used by us or our users are currently subject to regulation in certain jurisdictions, including China. The PRC Constitution states that PRC law protects the freedom and privacy of communications of citizens and prohibits infringement of such rights. In recent years, PRC government authorities have enacted legislation on service providers' use to protect personal information from any unauthorised disclosure.

The PRC law does not prohibit service providers from collecting and analysing personal information from their users or customers. However, the PRC Telecommunications Regulations, in general, prohibit any organisation or individual from using the telecommunication network to insult or slander a third party or infringe the lawful rights and interests of a third party. In addition, under Amendment 7 to the PRC Criminal Law, service providers are prohibited from selling or otherwise illegally disclosing clients' personal information to a third party.

Furthermore, under the Internet Measures, internet content service providers are prohibited from producing, copying, publishing or distributing information that is humiliating or slanderous to others or that trespasses the lawful rights and interests of others. Depending on the nature of their violation, internet content providers that violate this provision may face criminal charges or be sanctioned by security authorities. In addition, they may be ordered to temporarily suspend their service or their licences may be revoked. The PRC government retains the power and authority to order internet content providers to turn over personal information of internet users in government investigations.

GOVERNMENT REGULATIONS

On 28 December 2012, the Standing Committee of the National People's Congress enacted the Decision to Enhance the Protection of Network Information, or the Information Protection Decision, to further enhance the protection of users' personal information in electronic form. The Information Protection Decision provides that internet content providers, or ICPs, must expressly inform their users of the purpose, manner and scope of the collection and use of users' personal information by internet information services providers, and collect and use users' personal information only with the consent of the users and only within the scope of such consent. The Information Protection Decision also mandates that ICPs and their employees must keep strictly confidential users' personal information that ICPs collect, and that ICPs must take such technical and other measures as are necessary to safeguard the information against disclosure, damages and loss. Compliance with current regulations and regulations that may come into effect in these areas may increase our expenses related to regulatory compliance, which could have a material adverse effect on our financial condition and operating results.

Regulation of Labor Laws and Social Insurance

Under the PRC Labour Law effective in 1995 and the PRC Labour Contract Law effective in 2008 and amended in 2012, a written labour contract must be executed between an employer and an employee. Labour-related regulations and rules of the PRC also stipulate the maximum number of working hours per day and per week as well as the minimum wage standards. In addition, an employer is required to establish occupational safety and sanitation systems, implement the national occupational safety and sanitation rules and standards, and provide employees with workplace safety training.

An employer is obligated to sign an indefinite term labour contract with an employee if the employer continues to employ the employee after two consecutive fixed-term labour contracts and if the employee wants to sign a fixed-term labour contract. The employer also has to pay compensation to the employee if the employer terminates an indefinite term labour contract. Except where the employer proposes to renew a labour contract by maintaining or raising the conditions of the labour contract and the employee is not agreeable to the renewal, an employer is required to compensate the employee when a definite term labour contract expires. Furthermore, under the Regulations on Paid Annual Leave for Employees issued in December 2007 and effective as of January 2008, an employee who has served an employer for more than one year and less than ten years is entitled to an annual 5-day paid vacation, those whose service period ranges from 10 to 20 years is entitled to an annual 10-day paid vacation, and those who have served for more than 20 years are entitled to an annual 15-day paid vacation. An employee who does not use such vacation time at the request of the employer shall be compensated at three times his normal salaries for each waived vacation day.

Under the Rules for the Administration of Employment of Foreigners in China effective in 1998 and amended in 2010, foreigners are allowed to work in China by having entered into China with employment visa, and obtaining the employment permit and the foreigner residence certificate subsequently. The employment permit of the employed foreigner shall cease to be effective upon the expiration of the term of the labor contract between the foreigner and his/her employer. If renewal is required, the employer should, within thirty days prior to the expiration of the labor contract, submit an application to the labor administrative authorities for the extension of term of employment, and after approval is obtained, proceed with the necessary formalities for the extension of the employment permit. The foreign employee should, within ten days after obtaining the approval for extension of his/her term of employment in China or the change of his/her employment location or his employer, proceed with the necessary formalities for the extension or change of his/her residence certificate at the local public security authority.

GOVERNMENT REGULATIONS

Under the Regulations on Work-related Injury Insurance effective in 2004, and the Interim Measures Concerning the Maternity Insurance for Enterprise Employees effective in 1995, PRC companies must pay work-related injury insurance premiums and maternity insurance premiums for their employees. On 20 December 2010, the State Council promulgated the amended Regulation on Work-related Injury Insurance that became effective on 1 January 2011. Employees are entitled to certain treatments under work-related injury insurance that are calculated based on the circumstances of the work-related injury. Under the Interim Regulations on the Collection and Payment of Social Insurance Premiums effective in 1999 and the Interim Measures concerning the Administration of the Registration of Social Insurance effective in 1999, basic pension insurance, medical insurance and unemployment insurance are collectively referred to as social insurance. Both PRC companies and their employees are required to contribute to the social insurance plans. Under the Regulations on the Administration of Housing Fund effective in 1999, as amended in 2002, PRC companies must register with applicable housing fund management centres and establish a special housing fund account in an entrusted bank. Both PRC companies and their employees are required to contribute to the housing funds. On 28 October 2010, the National People's Congress of China promulgated the PRC Social Insurance Law, which became effective on 1 July 2011. The PRC Social Insurance Law specifies that the PRC establishes a social insurance system including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. An employer shall pay the social insurance for its employees in accordance with the rates provided under relevant regulations and shall withhold the social insurance that should be assumed by the employees. The authorities in charge of social insurance may request an employer's compliance and impose sanctions if such employer fails to pay and withhold social insurance in a timely manner.

Regulations Relating to Dividends Distribution

The principal regulations governing distributions of dividends of foreign holding companies include the Foreign-invested Enterprise Law, enacted in 1986, as amended, and the Administrative Rules under the Foreign-invested Enterprise Law, enacted in 2001.

Under these regulations, foreign-invested enterprises in PRC may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, wholly foreign-invested enterprises in PRC are required to allocate at least 10.0% of their respective accumulated profits each year, if any, to fund certain reserve funds, unless these reserves have reached 50.0% of their registered capital. Sino-foreign equity joint ventures are required to set aside a certain amount of their after-tax profit based on proportions determined by their boards of directors to their reserve funds and enterprise development funds. These reserves are not distributable as cash dividends.

TAIWAN

Labour Standard Act

The Labour Standard Act ("**LSA**") sets out the basic floor terms and conditions of all employment relationships under the LSA and is administered by the Ministry of Labour ("**MOL**"). An employer and employee may mutually agree on terms which are more favourable to the employee.

The term "employee" is defined in the LSA to mean a person who is hired by an employer to work for wages. Chapter 2 of the LSA covers provisions relating to labour contracts, including the term of the employment, the transfer of positions, non-competition, termination, etc. Chapters 3 to 12

GOVERNMENT REGULATIONS

of the LSA sets out the provisions in relation to wages, working hours and holidays, child and female workers, retirement, compensation for occupational accidents, apprentices, work rules, supervision and inspection, penalties and supplementary provision.

A summary of the key aspects of the LSA is set out as follows.

Non-competition

According to Article 9-1 of the LSA, an employer shall not enter into a non-competition agreement with the employees after the termination of employment unless the following requirements have been met: (i) the employer has proper business interests that require the protection; (ii) the position or job of the employee entitles him or her to have access to or be able to use the employer's trade secrets; (iii) the period, area, scope of occupational activities and prospective employers with respect to the business strife limitation shall not exceed a reasonable range, which in no event shall be longer than two years; (iv) the employer shall pay a reasonable compensation to the employee for the loss incurred due to refrain from engaging in non-competition activities.

Termination of employment

Under the LSA, an employer may only terminate a labour contract with cause, which is limited to those prescribed in Articles 11 and 12 of the LSA, including: (i) the employer's businesses are suspended or has been transferred; (ii) the employer's businesses suffer losses or contractions; (iii) force majeure necessitates the suspension of business for more than one month; (iv) change of the nature of business necessitates the reduction of workforce and the terminated employees cannot be reassigned to other suitable positions; (v) a particular worker is clearly not able to perform satisfactorily the duties required of the position held; (vi) the employee misrepresents any fact at the time of signing of a labour contract in a manner which might mislead the employer and thus caused him/her to sustain damage therefrom; (vii) the employee commits a violent act against or grossly insults the employer, his/her family member or agent of the employer, or a fellow employee; (viii) the employee has been sentenced to temporary imprisonment in a final and conclusive judgment, and is not granted a suspended sentence or permitted to commute the sentence to payment of a fine; (ix) the employee is in serious breach of the labour contract or in serious violation of work rules; (x) the employee deliberately damages or abuses any machinery, tool, raw materials, product or other property of the employer or deliberately discloses any technical or confidential information of the employer thereby causing damage to the employer; and (xi) the employee is, without good cause, absent from work for three consecutive days, or for a total six days in any month.

Employment Services Act

The Employment Services Act ("**ESA**") regulates employment services providers which assist Taiwan citizens in seeking employment and employers in employing/recruiting employees, including government-owned and private employment services institutions. The ESA also governs the employment and administration of foreign workers.

According to Article 34 and 35 of the ESA, an employment services institution shall obtain licenses ("**Employment Service License**") to provide the following services: (i) job placement or human resources agency businesses; (ii) recruiting employees for others; (iii) providing employment counselling or psychological tests to help citizens formulate their career development plans; and (iv) other employment services as may be specified by the central competent authority (collectively referred to as "**Employment Services**"). No one shall provide Employment Services

GOVERNMENT REGULATIONS

without the Employment Services License. Anyone who provides Employment Services without the Employment Services License shall be subject to administrative fine in the amount of no less than TWD300,000 up to TWD1,500,000.

Paragraph 12 of Article 40 of the ESA further requires a private employment services institution to amend, renew, apply for reissuance, or suspend the Employment Service License, as the case may be, and anyone who violates the above shall be subject to an administrative fine in the amount of no less than TWD60,000 up to TWD300,000.

Article 36 of the ESA also requires a private employment services institution to be staffed with the prescribed number of qualified employment services professionals.

The ESA authorises the MOL to prescribe more detailed regulation for the establishment and management of private employment services institutions.

Regulation of Managing and Supervising the Private Employment Services Institution

The Regulation of Managing and Supervising the Private Employment Services Institution (“**PESI Regulation**”) stipulate provisions in relation to the private employment services institutions (“**PESIs**”), such as the permission and alternation of the institutions.

According to Article 11 of the PESI Regulation, the scope of the job placement which can be provided can be different depending on what type of Employment Service License is obtained. An Employment Service License issued by the local city or county government would only allow a PESI to provide services of placing Taiwan citizens for jobs in Taiwan (“**Domestic License**”), whereas possessing an Employment Service License issued by the central authority (i.e. the MOL) would allow a PESI to provide services relating to placing Taiwan citizens to jobs in Taiwan and in other countries and placing foreign citizens (including citizens in China, Hong Kong and Macau Special Administrative Region) to jobs in Taiwan (“**International License**”). However, in practice, due to the sensitive relationship between China and Taiwan, the MOL currently excludes from the scope of International License job placements for China, Hong Kong and Macau Special Administrative Region citizens to jobs in Taiwan.

A for-profit PESI shall have the minimal paid-in capital of TWD500,000 in order to apply for the Domestic License, and TWD5 million to apply for the International License.

Prior to establishment, a PESI shall apply for permission from the competent authorities (for Domestic License, the competent authority would be the authority where the PESI is intended to be located, whereas for International License, the competent authority would be the central competent authority i.e. MOL) by submitting the required documents. Upon receiving the preparatory permission, the PESI shall, within three months of the date of the grant of the preparatory permission, register the institution and submit the required documents to apply for the Domestic License from the local authority or the International License from MOL (as the case may be). The for-profit PESI providing employment services under the International License shall obtain a bank guaranty letter of TWD3 million as security for civil liability.

The Employment Service License shall be valid for a term of two years. A PESI shall apply for renewal of the Employment Service License within thirty days before the license expires by submitting the required documents.

GOVERNMENT REGULATIONS

The authority shall reject an application for the preparatory permission, the Employment Service License, or renewal of the Employment Service License under any of the following circumstances:

- (a) the application fails to comply with the relevant requirements of the ESA or PESI Regulation;
- (b) the institution's responsible persons, managers, directors (councillors), or representative was in violation of Paragraph 2 of Article 34 or Article 45 of the ESA and was punished by administrative fines, was indicted by the prosecutor, or was found to be guilty by the court;
- (c) the institution's responsible persons, managers, directors (councillors), or representative has served in the private employment services institution and caused such institution to commit any of the following:
 - (i) violate Sub-paragraphs 4 to 9, Paragraph 1 of Article 40 or Article 45 of the ESA;
 - (ii) violate Sub-paragraphs 2 or 14, Paragraph 1 of Article 40 of the ESA and fail to correct before the prescribed deadline;
 - (iii) failed to correct the non-compliance after being fined for three times;
 - (iv) was fined for more than four times in a year; or
 - (v) was ordered to be suspended for more than twice in a year;
- (d) the institution's responsible persons, managers, directors (councillors), or representative had committed against a job applicant, employer, or foreigner the crimes stated in Article 221~229, Article 231~233, Article 296~297, Article 302, Article 304, Article 305, Article 335, Article 336, Article 339, Article 341, Article 342, or Article 346 of the Criminal Code when engaging in employment services business and had been indicted by the prosecutor or found guilty by the court;
- (e) the institution's responsible persons, manager, directors (councillors), or representative had committed a crime of human trafficking in violation of Human Trafficking Act when engaging in the employment services business and had been indicted by the prosecutor or found guilty by the court;
- (f) a non-profit employment services institution had been punished with administrative fine or was ordered to be suspended or to correct before the prescribed deadline due to harming public interests;
- (g) the address stated in the application for a profit-seeking private employment services institution as the applicant's business operation is already registered for use by another private employment service institution;
- (h) the address stated in the application for non-profit private employment services institution as the applicant's address is already registered for use by another;
- (i) received an evaluation rating of "C" and failed to correct before the prescribed deadline or still received the evaluation rating of below "B" after correction;

GOVERNMENT REGULATIONS

- (j) applied for setting up a branch but has not received any evaluation before or the most recent evaluation rating received was “C”;
- (k) evaded, obstructed, or refused to accept an evaluation;
- (l) accepted the request for assisting with applications for work permits by foreigners and the number and percentage of foreigners whose whereabouts became unknown within three months after entrance into Taiwan reaches the standards stipulated in Table 1.

The circumstances stipulated in the above paragraphs (b) to (f) and paragraph (l) are limited to those occurring within two years from the application date.

According to the PESI Regulation, a PESI with no more than five employees shall be staffed with at least one employment services professional, and shall be staffed by at least two employment services professionals if it has more than six employees but less than ten employees. A PESI with more than ten employees shall be staffed by at least three employment services professionals, and one additional employment services professional shall be staffed for every 10 employees counted from the eleventh person.

Personal Information Protection Act

The Personal Information Protection Act (“**PIPA**”) governs the collection, use and disclosure of individual’s personal information by the government agencies and non-government agencies.

According to the definition in PIPA, personal information includes the name, date of birth, I.D. Card number, passport number, characteristics, fingerprints, marital status, family, education, occupation, medical record, medical treatment, genetic information, sexual life, health examination, criminal record, contact information, financial conditions, social activities and other information which may be used to identify an individual, both directly and indirectly.

Under Article 8 of the PIPA, any government agency and non-government agency shall notify the following items when collecting personal information from individuals:

- (a) the name of the government agency or the non-government agency;
- (b) purpose of collection;
- (c) classification of the personal information;
- (d) time period, area, target and way of the use of personal information;
- (e) rights of such individual and way of the use of personal information; and
- (f) the influence on his/her rights and interests if the individual chooses not to provide his/her personal information.

GOVERNMENT REGULATIONS

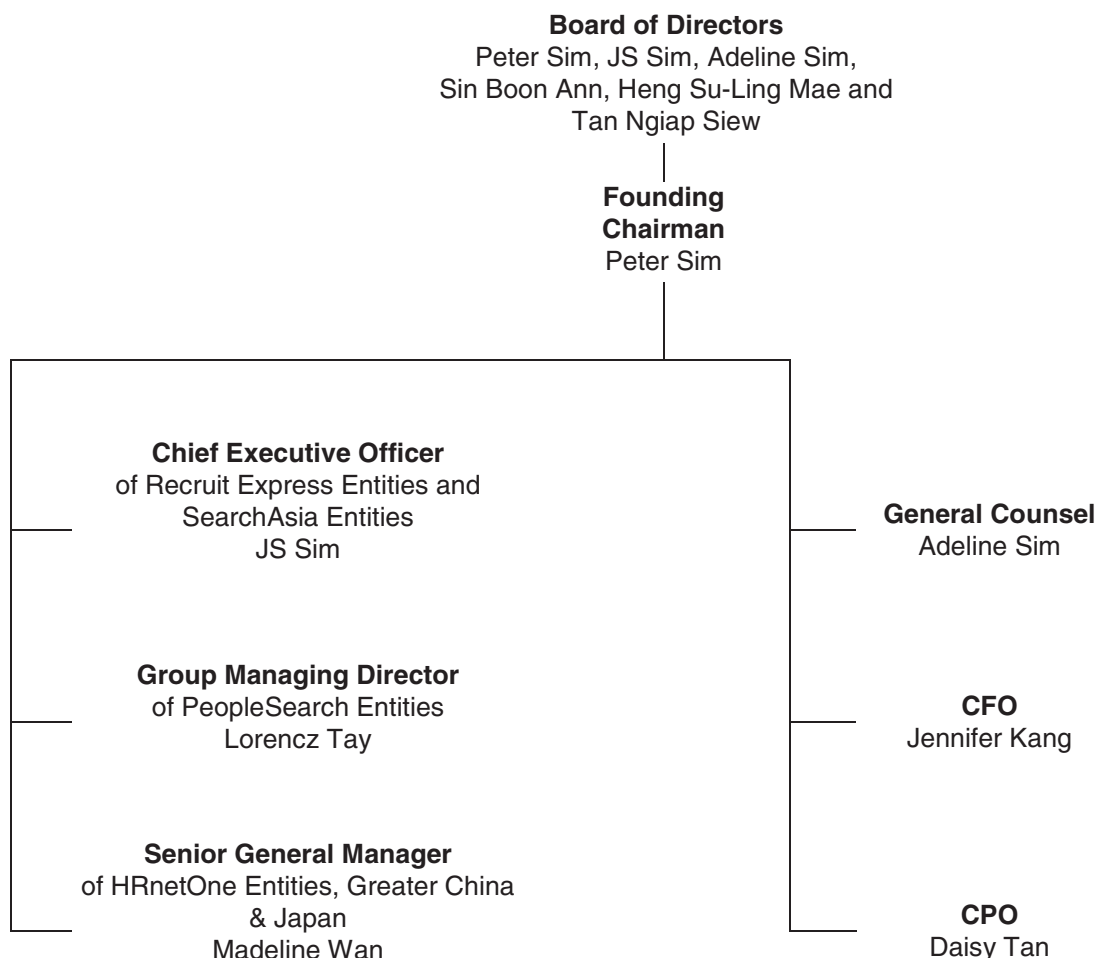
However, the above notice may be exempted if:

- (i) in accordance with law;
- (ii) the collection of personal information is necessary for the government agency to perform its official duties or the non-government agency to fulfil its legal obligation;
- (iii) the notice will impair the government agency in performing its official duties;
- (iv) the notice will impair public interests;
- (v) the individual should have known the content of the notification already; or
- (vi) the collection of personal information is for non-profit purposes and clearly does not cause any detriment to the individual.

The non-government agency will be imposed an administrative fine of no less than TWD20,000 but no more than TWD200,000 if it violates the Article 8 of the PIPA.

MANAGEMENT AND CORPORATE GOVERNANCE

MANAGEMENT REPORTING STRUCTURE



DIRECTORS

Our Board is entrusted with the responsibility for the overall management of our Group. The particulars of our Directors are as follows:

Name	Age	Address	Position
Peter Sim	63	c/o 391A Orchard Road #23-06 Ngee Ann City Tower A Singapore 238873	Founding Chairman
JS Sim.	60	c/o 391A Orchard Road #23-06 Ngee Ann City Tower A Singapore 238873	Executive Director
Adeline Sim.	36	c/o 391A Orchard Road #23-06 Ngee Ann City Tower A Singapore 238873	Executive Director

MANAGEMENT AND CORPORATE GOVERNANCE

Name	Age	Address	Position
Sin Boon Ann	59	c/o 10 Collyer Quay #10-01 Ocean Financial Centre Singapore 049315	Lead Independent Director
Heng Su-Ling Mae	46	140 Coronation Road #04-01 Singapore 269526	Independent Director
Tan Ngiap Siew	63	11 Tanjong Rhu Road #09-02 The Waterside Singapore 436896	Independent Director

None of our Independent Directors sits on the board of any of our principal subsidiaries that are based in jurisdictions other than Singapore.

Information on the business and working experience of our Directors is set out below:

Peter Sim is our Founding Chairman. He was appointed to our Board on 21 September 2016 and has close to 40 years of experience in social work, HR functions and the recruitment industry.

Peter Sim began his career in 1978 with the Housing Development Board as an assistant personnel officer. In 1979, he joined McDermott South East Asia Pte Ltd, where his last held position was senior personnel administrator. In 1981, Peter Sim joined the Monetary Authority of Singapore as its senior officer (personnel) before joining Singapore Aerospace Pte Ltd as its personnel manager in 1982. In 1984, he became the personnel manager of Metal Box Singapore Ltd. He joined Thomson Consumer Electronics Pte Ltd as compensation and benefits manager in 1987, and subsequently assumed the role of regional employee relations manager. In 1991, he joined Honeywell SEA Pte Ltd as its regional human resource director. In 1992, he founded HRnet One which is the first entity of our Group. Together with the team, he built the various businesses and brands of our Group and has been directing, controlling and overseeing our Group business development, management and operations since its establishment.

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

JS Sim is our Executive Director. He was appointed to our Board on 21 September 2016. He is responsible for directing and controlling the operations of the Recruit Express Entities and the SearchAsia Entities.

JS Sim started his career in 1982 with Aurora Products Pte Ltd where his last held position was head of personnel. He joined General Electric Intersil Pte Ltd as its human resource manager in 1983, before joining Motorola Electrics Pte Ltd in 1988 as its regional human resource director. From 1998 to 2002, JS Sim was the general manager of Recruit Express and he was appointed to his current position of chief executive officer of Recruit Express in 2002.

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

MANAGEMENT AND CORPORATE GOVERNANCE

Adeline Sim is our Executive Director. She was appointed to our Board on 16 May 2017. She leads corporate strategic and tactical legal initiatives for our Group, including the development of corporate policies, procedures and programmes. She is also our General Counsel and serves as the key legal advisor, providing continuing counsel and guidance on legal matters and the legal implications for all transactions, obtaining and overseeing the work of external counsel where required. Since August 2015, she has also overseen the newly established digital marketing and communications function of our Group.

Adeline Sim began her career as a lawyer with Drew & Napier LLC in 2004 where she was engaged in, amongst others, general corporate work and dispute resolution. She left the law firm in 2008 to join our Group as our legal counsel, and became our General Counsel in 2015. Adeline Sim graduated with a Bachelor of Laws from the National University of Singapore in 2003. She was admitted to the Singapore Bar in 2004, and has been a Solicitor of the Supreme Court of England and Wales since 2006. She is also a member of the Zhenghua Citizens' Consultative Committee.

Sin Boon Ann is our Lead Independent Director. He was appointed to our Board on 16 May 2017. He received his Bachelor of Arts and Bachelor of Laws from the National University of Singapore in 1982 and 1986 respectively, and a Master of Laws from the University of London in 1988. He was admitted to the Singapore Bar in 1987 and was a member of the teaching staff of the law faculty, National University of Singapore from 1987 to 1992. Sin Boon Ann joined Drew & Napier LLC in 1992 and is currently the deputy managing director of their corporate and finance department, the co-head of their capital markets practice. He was a Member of Parliament, Tampines GRC from 1996 to 2011, and was conferred with the May Day Award – “Friend of Labour” and the May Day Award – “Meritorious Service” by the National Trade Union Congress in 2003 and 2013 respectively, for his contributions and commitment to the labour movement in Singapore as a union adviser.

Drew & Napier LLC has previously provided various legal services to related entities of our Company. In FY2016, the fees received by Drew & Napier LLC for such legal services were less than S\$200,000. During the period from 1 January 2017 to the Latest Practicable Date, the fees received by Drew & Napier LLC for such legal services were in excess of S\$200,000.

Save for the fact that he is a director of Drew & Napier LLC from which our Company had received material legal services in each of FY2016 and the period from 1 January 2017 to the Latest Practicable Date, Sin Boon Ann does not have any relationship with our Company, our related corporations (as defined in the Companies Act), our 10% shareholders (as defined in the Code of Corporate Governance) or our officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment with a view to the best interests of our Company. Notwithstanding that Drew & Napier LLC received fees in excess of S\$200,000 during the period from 1 January 2017 to the Latest Practicable Date, this is not expected to compromise Sin Boon Ann's independence for the following reasons:

- (a) such fees constitute an immaterial percentage of Drew & Napier LLC's overall revenue;
- (b) such fees are paid to Drew & Napier LLC and not directly to Sin Boon Ann and accordingly, Sin Boon Ann does not receive any direct benefit; and
- (c) any directors' fees to be paid to Sin Boon Ann in connection with his appointment as independent director are not expected to be significant in relation to his overall annual income.

MANAGEMENT AND CORPORATE GOVERNANCE

Post listing of our Company, it is envisaged that our Group may continue to engage the services of Drew & Napier LLC. In the event that our Group continues to do so, our Company will ensure that any transactions carried out with Drew & Napier LLC will be based on normal commercial terms and will be subject to the review of our Audit Committee, and be in compliance with the guidelines set out in the Code of Corporate Governance. In addition, our Group will be required to obtain at least two separate fee proposals from similar third-party firms which will be submitted together with Drew & Napier LLC's fee proposal to our Audit Committee for its review and approval.

As at the Latest Practicable Date, Sin Boon Ann does not have an interest of 30% or more in Drew & Napier LLC. As such, Drew & Napier LLC is not an associate of Sin Boon Ann and transactions between our Group and Drew & Napier LLC would not constitute interested person transactions for the purposes of Chapter 9 of the Listing Manual. To the extent that Drew & Napier LLC becomes an associate of Sin Boon Ann, any transactions between our Group and Drew & Napier LLC would be required to comply with Chapter 9 of the Listing Manual. Notwithstanding the foregoing, in the event that Sin Boon Ann is interested in any services proposed to be offered by Drew & Napier LLC involving our Group, he will abstain from reviewing and voting on that particular transaction (including as a member of our Audit Committee) and any legal matters involving our Group will be handled by other lawyers of Drew & Napier LLC.

Notwithstanding that Sin Boon Ann is a director of Drew & Napier LLC from which our Company had received material legal services, in view of the above reasons, our Directors (excluding Sin Boon Ann who abstained from the deliberation) are of the view that such a relationship will not affect or appear to affect Sin Boon Ann's ability, as Independent Director, to exercise objective judgment on the corporate affairs of our Company post Listing.

As stated in the section entitled “– Nominating Committee” of this Prospectus, the responsibilities of our Nominating Committee include 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 of Corporate Governance and any other salient factors. Accordingly, so long as Sin Boon Ann remains our Independent Director, our Nominating Committee (with Sin Boon Ann abstaining) will review and determine annually, if Sin Boon Ann is independent, bearing in mind, amongst others, the fees received by Drew & Napier LLC during the relevant financial year. In accordance with the Code of Corporate Governance, our Board would also identify in our annual report each Director it considers to be independent, taking into account the views of our Nominating Committee, and state its reasons in our annual report if it determines that a Director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination.

Heng Su-Ling Mae is our Independent Director. She was appointed to our Board on 16 May 2017. She has over 16 years of experience working at Ernst & Young Singapore where her last held position was senior manager. She is also an independent, non-executive director of Singapore-listed Ossia International Limited and Asiatravel.com Holdings Ltd and a director of Apex Healthcare Berhad (a company listed on Bursa Malaysia). She currently holds directorships in her family-owned investment holding companies.

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

Tan Ngiap Siew is our Independent Director. He was appointed to our Board on 16 May 2017. He has more than 30 years of experience in the human resource industry. He was previously a regional HR director of Asia Pacific and the managing director of Rohm and Haas Company for approximately nine years until 2001, before joining Parametric Technology Corporation in 2001. He then worked at Eastman Chemical Company as the regional HR director of Asia Pacific from 2003 to 2013.

MANAGEMENT AND CORPORATE GOVERNANCE

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

The list of present and past directorships held by our Directors in the last five years preceding the Latest Practicable Date (excluding those held in our Company) are as follows:

Name	Present Directorships	Past Directorships
Peter Sim	<u>Group Companies</u> HRnet One Pte Ltd HRnet Consulting (Taiwan) Pte. Ltd. HRnet Consulting Ltd. HRnet One Executive Recruitment (Thailand) Ltd. HRnet One (Beijing) Limited HRnet One (Guangzhou) Limited HRnet One (Malaysia) Sdn. Bhd. (formerly known as HRnet Performance Consulting Sdn. Bhd.) HRnet One (Shanghai) Limited HRnet One (Taiwan) Pte Ltd HRnet One Inc. HRnet One K.K. HRnet One Limited HRnet Performance Consulting Pte Ltd HRSB SPV Limited HOSB Consulting Sdn. Bhd. (formerly known as HSB Performance Consulting Sdn. Bhd. and HRnet One Sdn. Bhd.) HRnet Holdings (HK) Limited PeopleFirst Consulting Sdn. Bhd. PeopleSearch (Shanghai) Limited PeopleSearch (Taiwan) Pte. Ltd. PeopleSearch K.K. PeopleSearch Limited PeopleSearch Pte. Ltd. Recruit Express (Australia) Pte. Ltd. Recruit Express (Australia) Pty Limited Recruit Express (Hong Kong) Limited Recruit Express (Taiwan) Pte Ltd Recruit Express Pte Ltd Recruit Express Services Pte. Ltd. Recruit Legal Limited Recruit Legal Pte. Ltd. RecruitFirst Limited RecruitFirst Pte. Ltd. SearchAsia Consulting Pte. Ltd. SearchAsia Limited YesPay! Pte. Ltd. (formerly known as HireRight Pte. Ltd.)	<u>Group Companies</u> Nil

MANAGEMENT AND CORPORATE GOVERNANCE

Name	Present Directorships	Past Directorships
	<u>Other Companies</u>	<u>Other Companies</u>
	Persimmons Investment Holdings Pte. Ltd. (formerly known as HRnet Investment Holdings Pte. Ltd.) SIMCO Ltd	Nil
JS Sim	<u>Group Companies</u>	<u>Group Companies</u>
	Agensi Pekerjaan Recruit Express Sdn. Bhd. Recruit Express Pte Ltd Recruit Express (Australia) Pte. Ltd. Recruit Express (Australia) Pty Limited Recruit Express (Hong Kong) Limited Recruit Express (Taiwan) Pte Ltd Recruit Express Services Pte. Ltd. Recruit Express Services Sdn. Bhd. Recruit Legal Limited Recruit Legal Pte. Ltd. SearchAsia Consulting Pte. Ltd. SearchAsia Limited	Nil
	<u>Other Companies</u>	<u>Other Companies</u>
	REH Pte. Ltd. SIMCO Ltd	Nil
Adeline Sim	<u>Group Companies</u>	<u>Group Companies</u>
	HRnet Consulting Ltd.	YesPay! Pte. Ltd. (formerly known as HireRight Pte. Ltd.)
	<u>Other Companies</u>	<u>Other Companies</u>
	Playhao Pte. Ltd.	Nil
Sin Boon Ann	<u>Group Companies</u>	<u>Group Companies</u>
	Nil	Nil
	<u>Other Companies</u>	<u>Other Companies</u>
	CSE Global Limited Drew & Napier LLC DrewCorp Services Pte Ltd OUE Limited Rex International Holding Limited SE Hub Ltd. Singapore Centre for Social Enterprise, Raise Ltd. Tampines Central Community Foundation Limited	Courage Marine Group Limited HealthSTATS International Pte. Ltd. MFS Technology Ltd OSIM International Pte. Ltd. Swee Hong Limited Transcorp Holdings Limited UT REIT (Pte.) Ltd. UT Trust (Pte.) Ltd.

MANAGEMENT AND CORPORATE GOVERNANCE

Name	Present Directorships	Past Directorships
Heng Su-Ling Mae	<u>Group Companies</u> Nil <u>Other Companies</u> Apex Healthcare Berhad Asiatravel.com Holdings Ltd Drew & Lee Holdings (Private) Limited Drew & Lee Investment (Private) Limited Drew & Lee Land Pte Ltd Ossia International Limited	<u>Group Companies</u> Nil <u>Other Companies</u> Nil
Tan Ngiap Siew	<u>Group Companies</u> Nil <u>Other Companies</u> Nil	<u>Group Companies</u> Nil <u>Other Companies</u> Nil

Two of our Directors, Sin Boon Ann and Heng Su-Ling Mae, have prior and current experience as a director of a public listed company in Singapore, and they are familiar with the roles and responsibilities of a director of a public listed company in Singapore. Our four remaining Directors do not have prior experience as directors of public listed companies in Singapore but have received relevant training to familiarise themselves with the roles and responsibilities of a director of a public listed company in Singapore.

EXECUTIVE OFFICERS

Our Executive Directors are assisted by a team of experienced Executive Officers who are responsible for the various functions of our Group. The particulars of our Executive Officers are as follows:

Name	Age	Address	Position
Jennifer Kang	49	c/o 391A Orchard Road #23-06 Ngee Ann City Tower A Singapore 238873	CFO
Tan Daisy	47	c/o 391A Orchard Road #23-06 Ngee Ann City Tower A Singapore 238873	CPO
Lorencz Tay	49	c/o 391A Orchard Road #23-06 Ngee Ann City Tower A Singapore 238873	Group business leader and managing director of PeopleSearch Entities
Madeline Wan	45	c/o 391A Orchard Road #23-06 Ngee Ann City Tower A Singapore 238873	Group business leader and senior general manager of the Greater China and Japan business for HRnetOne Entities, Greater China & Japan

MANAGEMENT AND CORPORATE GOVERNANCE

Jennifer Kang is our CFO. As our CFO, she is responsible for our Group's finance, tax, treasury and risk management functions. Jennifer Kang has more than 27 years of experience in auditing, accounting, taxation and financial management.

Jennifer Kang began her career in 1989 as an auditor with Coopers & Lybrand's statutory audit team. Her responsibilities included statutory audit, information technology audit and internal control review. In 1993, she joined the corporate auditing department of AT&T Singapore Pte Ltd as a senior internal auditor for the Asia Pacific region. She joined Ossia International Limited in 1994 as a senior internal auditor. She was subsequently involved in the preparation for the initial public offering of the company and was promoted to financial controller (regional) and executive assistant in 1996, the same year that the company which was listed on the SGX-ST. Her portfolio evolved into the role of business development manager in 1998 as she assumed responsibilities in corporate finance work involving mergers and acquisitions for the listed company. In 2001, she joined BIL International Ltd as manager, merger & acquisitions and was responsible for evaluating and executing public and private equity investment opportunities. In 2002, she joined Abacus International Pte Ltd as an associate director of the corporate operations, planning and mergers & acquisition department. She joined our Group as finance director in 2003 and in 2007 moved on to assume the role of country manager of PeopleFirst and concurrently strategic operations director of HRnet One. In 2008, she co-pioneered the business operations of Beijing for HRnet One and held the position until 2011. She is also the statutory auditor of HRnet One K.K. and supervisor of HRnet One (Shanghai) and HRnet One (Beijing). She was appointed as the chief financial officer of HRnet One in 2012 and assumed responsibility for the finance, tax, treasury and risk management functions of HRnet One and Recruit Express and their respective subsidiaries with effect from 1 January 2016.

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

Our Audit Committee, after having conducted an interview with Jennifer Kang and after having considered:

- (a) the qualifications and past working experiences of Jennifer Kang which are compatible with her position as CFO of our Group;
- (b) Jennifer Kang's past financial and accounting related experiences;
- (c) Jennifer Kang's demonstration of the requisite competency in finance-related matters of our Group in connection with the preparation for the listing of our Company;
- (d) the absence of negative feedback on Jennifer Kang from the representatives of our Group's Independent Auditor and Reporting Accountant, Deloitte & Touche LLP; and
- (e) the absence of internal control weaknesses attributable to Jennifer Kang that was identified during the internal control review conducted,

is of the view that Jennifer Kang is suitable for the position of CFO of our Group.

Further, after making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of our Audit Committee to cause them to believe that Jennifer Kang does not have the competence, character and integrity expected of a CFO of a listed company.

MANAGEMENT AND CORPORATE GOVERNANCE

Daisy Tan is our CPO. She is overall in charge of our Group's human resources functions and is responsible for providing leadership in developing and executing human capital strategies in furtherance of the overall business plan of the HRnetOne and PeopleSearch brands of our Group.

Daisy Tan started her career in 1990 as a personnel assistant in AT&T Consumers Products Pte Ltd. She then joined Fansida Far East Pte Ltd as a sales executive. In 1992, she joined our Group as a recruitment and account officer and went on to hold various positions in HRnet One, including senior regional consultant and business services manager. In 1996, as senior administrator of HRnet One, she was one of the key personnel in setting up the Recruit Express brand. In 2006, she assumed a business role as regional resourcing manager, a role which evolved to that of team leader for HRnet Performance Consulting (Singapore), before being deployed to HRnet One as senior regional human resource manager. She was promoted to human resource director in 2007 before being promoted to CPO in 2012.

She obtained a Diploma in Human Resource Management from the Singapore Institute of Human Resource Management in 1995 and also received a Diploma in Business Efficiency & Productivity (Marketing & Sales Management) from the National Productivity Board Institute for Productivity Training in 1991.

Lorencz Tay is our group business leader and managing director of PeopleSearch Entities, and is responsible for directing and controlling the operations of such subsidiaries in Singapore, Hong Kong, Taipei, Shanghai and Tokyo.

Lorencz Tay began his career in 1993 as a recruitment and account officer of HRnet One where he rose up the ranks to the positions of division director in 1997, consulting director in 1999 and managing consulting director in 2001 before becoming the managing director in 2005. Between 1999 and 2006, he was in charge of operations and bottom-line for the businesses of Taiwan and Japan for the HRnetOne brand, and that of the businesses of Singapore, Taiwan and Japan for the PeopleSearch brand. In 2007, he was appointed group business leader and managing director of PeopleSearch Entities.

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

Madeline Wan is our managing consultant and group business leader of the businesses of Greater China and Japan for HRnetOne Entities, Greater China & Japan, and is responsible for directing and controlling the operations and bottom-line of such entities in Hong Kong, Taipei, Guangzhou, Beijing, Shanghai and Tokyo.

Madeline Wan started her career with Owl International Pte Ltd in 1992 as a quality assurance controller and rose up the ranks to become the assistant manager of the export department in 1995, and held this position until July 1996. She joined HRnet One in Singapore as a consultant in August 1996 and was promoted to senior consultant in the following year. In 1999, she was in charge of operations and bottom-line of HRnet One Taiwan and was promoted to principal consultant and consulting manager in 1999. In 2003, she took over the Hong Kong operations of HRnetOne Entities, Greater China & Japan and was appointed senior principal consultant and consulting director. Between 2007 and 2010, she was in charge of operations and bottom-line of the businesses of Shanghai and Beijing for HRnetOne Entities, Greater China & Japan. She assumed responsibilities over the operations in Japan for HRnetOne Entities, Greater China & Japan from 2005 onwards, before being promoted to senior principal consultant and group business leader in 2009; and to managing consultant and group business leader in 2010 of the businesses of HRnetOne Entities, Greater China & Japan.

MANAGEMENT AND CORPORATE GOVERNANCE

She graduated with a Diploma in Chemical Process Technology from the Singapore Polytechnic in 1992.

The list of present and past directorships held by our Executive Officers in the last five years preceding the Latest Practicable Date (excluding those held in our Company) are as follows:

Name	Present Directorships	Past Directorships
Jennifer Kang	<u>Group Companies</u> Nil <u>Other Companies</u> Nil	<u>Group Companies</u> Nil <u>Other Companies</u> Nil
Daisy Tan	<u>Group Companies</u> Nil <u>Other Companies</u> Nil	<u>Group Companies</u> Nil <u>Other Companies</u> Nil
Lorencz Tay	<u>Group Companies</u> HRnet One (Taiwan) Pte Ltd PeopleSearch (Taiwan) Pte. Ltd. PeopleSearch Pte. Ltd. PeopleSearch Limited YesPay! Pte. Ltd. (formerly known as HireRight Pte. Ltd.) <u>Other Companies</u> Nil	<u>Group Companies</u> Nil <u>Other Companies</u> Nil
Madeline Wan	<u>Group Companies</u> HRnet One (Shanghai) Limited <u>Other Companies</u> Nil	<u>Group Companies</u> Nil <u>Other Companies</u> Nil

Save as disclosed above in this section and in the section entitled “Share Capital and Shareholders – Shareholders” of this Prospectus, none of our Directors and/or Executive Officers is related to any of our Directors, Executive Officers or Substantial Shareholders.

There is no arrangement or understanding with any of our Substantial Shareholders, customers, suppliers or any other person, pursuant to which any of our Directors or Executive Officers was appointed.

MANAGEMENT AND CORPORATE GOVERNANCE

DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

The compensation (which includes salary, bonus, benefits-in-kind, CPF contributions, directors' fees and deferred compensation accrued for the financial year in question and payable at a later date) paid or payable to our Directors and Executive Officers for services rendered to us in all capacities for FY2015 and FY2016, as well as the estimated compensation for FY2017, were or are as follows⁽¹⁾:

	FY2015	FY2016	FY2017
Directors			
Peter Sim ⁽²⁾	Band B	Band C	Band D
JS Sim ⁽³⁾	Band H	Band G	Band E
Adeline Sim ⁽⁴⁾	Band B	Band B	Band B
Sin Boon Ann	—	—	Band A
Heng Su-Ling Mae	—	—	Band A
Tan Ngiap Siew	—	—	Band A
Executive Officers			
Jennifer Kang	Band B	Band B	Band B
Daisy Tan ⁽⁵⁾	Band B	Band B	Band A
Lorencz Tay ⁽⁶⁾	Band E	Band F	Band D
Madeline Wan ⁽⁷⁾	Band C	Band C	Band C

Notes:

(1) Remuneration bands:

“**Band A**” refers to remuneration of less than S\$250,000 per annum.

“**Band B**” refers to remuneration between S\$250,000 and S\$499,999 per annum.

“**Band C**” refers to remuneration between S\$500,000 and S\$749,999 per annum.

“**Band D**” refers to remuneration between S\$750,000 and S\$999,999 per annum.

“**Band E**” refers to remuneration between S\$1,000,000 and S\$1,249,999 per annum.

“**Band F**” refers to remuneration between S\$1,250,000 and S\$1,499,999 per annum.

“**Band G**” refers to remuneration between S\$3,000,000 and S\$3,249,999 per annum.

“**Band H**” refers to remuneration between S\$3,750,000 and S\$3,999,999 per annum.

For FY2017, the estimated amount of compensation that is to be paid pursuant to any bonus or profit-sharing plan or any other profit-linked agreement or arrangement, but which has not yet been paid, is excluded from the calculation of the estimated amount of compensation in the table above.

(2) A portion of Peter Sim's remuneration paid in FY2016 and FY2017 included a variable bonus payable quarterly which was calculated based on the following formula:

0.95 x 7.5% of the operating profit before tax after incentive of HRnet One, HRnet One (Japan), HRnet One (Hong Kong), HRnet One (Malaysia), HRnet One (Taiwan), HRnet One (Thailand), HRnet One (Shanghai), HRnet One (Guangzhou), HRnet One (Beijing), HRnet One (South Korea), RecruitFirst, RecruitFirst (Hong Kong) and PeopleFirst for the relevant financial quarter,

where incentive refers to the incentives which sales personnel employed by the aforementioned entities received every quarter, in addition to their base salary, upon achieving specified gross profits for the relevant financial period.

Please refer to the section entitled “— Service Agreements” of this Prospectus for more information.

MANAGEMENT AND CORPORATE GOVERNANCE

- (3) A portion of JS Sim's remuneration paid in FY2016 and FY2017 included a variable bonus payable quarterly. From 1 January 2015 to 30 June 2016, such variable bonus was calculated based on the following formula:

0.95 x 15% of the operating profit before tax after incentive of Recruit Express, its subsidiaries and associated companies ("**Recruit Express Group**") for the relevant financial quarter, and

with effect from 1 July 2016, the quarterly variable bonus was amended as follows:

- (a) 0.95 x 7.5% of the operating profit before tax after incentive of the Recruit Express Group for the relevant financial quarter; and
- (b) basic monthly salary of S\$24,000 x (total operating profit before tax after incentive of Recruit Express, Recruit Express Services (Singapore) and SearchAsia Consulting divided by total payroll costs of Recruit Express, Recruit Express Services (Singapore) and SearchAsia Consulting for the relevant financial year),

and in each case, incentive refers to the incentives which sales personnel employed by the Recruit Express Group received every quarter, in addition to their base salary, upon achieving specified gross profits for the relevant financial period.

Please refer to the section entitled "– Service Agreements" of this Prospectus for more information.

- (4) A portion of Adeline Sim's remuneration paid in FY2016 and FY2017 included a variable bonus payable semi-annually calculated based on the percentage of key performance indicators (as may be determined by HRnet One from time to time) multiplied by 1.5 times of Adeline Sim's monthly basic salary, provided that (i) HRnet One, its subsidiaries, and associated companies (together, the "**HRnet One Group**") collectively achieve a minimum operating profit after tax of S\$4 million per each semi-annual review period, taking into account sales invoice collection deadline specified for each semi-annual review period, and (ii) Adeline Sim achieved at least 80% of her key performance indicators.

Please refer to the section entitled "– Service Agreements" of this Prospectus for more information.

- (5) A portion of Daisy Tan's remuneration paid in FY2016 and FY2017 included an incentive bonus payable semi-annually calculated based on the percentage of key performance indicators (as may be determined by HRnet One from time to time) multiplied by 1.5 times of Daisy Tan's monthly basic salary, provided that (i) the HRnet One Group achieve a minimum operating profit after tax of S\$4 million per each semi-annual review period, taking into account the sales invoice collection deadline specified for each semi-annual review period, and (ii) Daisy Tan achieved at least 80% of her key performance indicators.
- (6) A portion of Lorencz Tay's remuneration paid in FY2016 and FY2017 included an incentive bonus payable quarterly. From 1 January 2015 to 30 June 2016, the quarterly incentive bonus was based on 15% of the total operating profit before tax after incentive of the relevant PeopleSearch Entities for the relevant financial quarter, where incentive refers to the incentives which sales personnel employed by the relevant PeopleSearch Entities received every quarter, in addition to their base salary, upon achieving specified gross profits for the relevant financial period, provided that the relevant PeopleSearch Entities must be profitable as a whole and invoices are duly collected by specified deadlines. From 1 July 2016 to 30 April 2017, the incentive bonus payable quarterly was based on 7.5% of the total operating profit before tax after incentive of the relevant PeopleSearch Entities for the relevant financial quarter, where incentive refers to the quarterly incentives which sales personnel employed by the relevant PeopleSearch Entities received, in addition to their base salary, upon achieving specified gross profits for the relevant financial period, and provided that the relevant PeopleSearch Entities must be profitable as a whole.
- (7) A portion of Madeline Wan's remuneration paid in FY2016 and FY2017 included a leader-based incentive bonus payable quarterly, which is an amount equivalent to (i) 2% of operating profit before tax before incentive of HRnetOne Entities, Greater China & Japan for the relevant financial quarter, where incentive refers to the quarterly incentives which sales personnel employed by HRnetOne Entities, Greater China & Japan received per quarter, in addition to their base salary, upon achieving specified gross profits for the relevant financial period and (ii) 20% of the profit sharing incentive achieved by employees who report directly to her, provided that HRnetOne Entities, Greater China & Japan must be profitable as a whole and the total profit-sharing incentive bonus received by her and the employees in the HRnetOne Entities, Greater China & Japan shall not exceed 40% of HRnetOne Entities, Greater China & Japan's operating profit before tax before incentive, where incentive refers to the incentives which sales personnel employed by HRnetOne Entities, Greater China & Japan received per quarter, in addition to their base salary, upon achieving specified gross profits for the relevant financial period.

Save as disclosed above and under "– Service Agreements", the compensation specified in the table above does not include any compensation paid pursuant to any other formal bonus or profit-sharing plan or other profit-linked agreement or arrangement.

MANAGEMENT AND CORPORATE GOVERNANCE

TERMS OF OFFICE FOR OUR DIRECTORS

Our Directors do not have fixed terms of office. Each Director is required to retire from office once every three years and for this purpose, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) is required to retire from office by rotation and will be eligible for re-election at that annual general meeting (the Directors so to retire being those longest in office).

SERVICE AGREEMENTS

Our Founding Chairman, Peter Sim and our Executive Directors, JS Sim and Adeline Sim (each an “**Appointee**”) have each entered into a service agreement with HRnet One, Recruit Express and HRnet One respectively, on 25 May 2017.

Appointment and Duration

The appointment of the Appointee will commence on the Listing Date and shall continue for a period of five years from the commencement date (“**Term**”) and thereafter may be renewed for an additional one-year period (or such other period as HRnet One or Recruit Express (as the case may be) and the Appointee may agree).

Termination

During the Term, the appointment of the Appointee may be terminated by notice immediately if the Appointee:

- (a) is prohibited by law from being, or ceasing to be, an employee of HRnet One or Recruit Express (as the case may be) for any reason whatsoever;
- (b) is or may be suffering from a mental disorder;
- (c) is convicted of any criminal offence (save an offence under any road traffic legislation for which he is not sentenced to any term of immediate or suspended imprisonment) and sentenced to any term of immediate or suspended imprisonment;
- (d) commits any serious breach or repeats or continues (after warning) any material breach of his obligations hereunder (if any);
- (e) is guilty of any misconduct or neglect in the discharge of his duties hereunder or committed any act of criminal breach of trust or dishonesty;
- (f) is guilty of conduct tending to bring himself or any member of our Group into disrepute;
- (g) is declared bankrupt or compounds with his creditors generally; or
- (h) is deemed, in the reasonable opinion of our Board and the board of directors of HRnet One or Recruit Express (as the case may be), to be incompetent in the performance of his duties.

Upon such termination the Appointee shall not be entitled to claim any compensation or damages for or in respect of or by reason of such termination.

MANAGEMENT AND CORPORATE GOVERNANCE

Further, the service agreement may be terminated by HRnet One or Recruit Express (as the case may be) by it giving not less than three months' notice, given at any time while the Appointee is incapacitated by reason of ill-health or accident from performing his duties hereunder and shall have been so incapacitated for a total period of 180 consecutive days or more, which incapacity must be certified by medical practitioners appointed by HRnet One or Recruit Express (as the case may be).

Notwithstanding the foregoing, the service agreement shall be subject to termination by HRnet One or Recruit Express (as the case may be) or by the Appointee giving not less than three months' notice in writing to the other party, such notice to expire at or on the day after the end of the said period, or in lieu of such notice, an amount equivalent to three months' salary based on the Appointee's last drawn base salary.

Remuneration

During the term of Peter Sim's appointment, he shall be paid:

- (a) a basic salary at the rate of S\$40,000 per month payable in arrears on or around the 28th day of every month; and
- (b) commencing from 1 April 2017, a variable bonus payable quarterly based on the operating profits before tax after Incentive (as defined below) ("**QOPBTAI**") to be determined as follows:

QOPBTAI	Variable Bonus
Where QOPBTAI is less than S\$3 million	Nil
Where QOPBTAI equals or exceeds S\$3 million but does not exceed S\$6 million	S\$85,500 to S\$171,000
Where QOPBTAI equals or exceeds S\$6 million but does not exceed S\$9 million	S\$171,000 to S\$256,500
Where QOPBTAI equals or exceeds S\$9 million but does not exceed S\$12 million	S\$256,500 to S\$342,000
Where QOPBTAI equals or exceeds S\$12 million but does not exceed S\$15 million	S\$342,000 to S\$427,500
Where QOPBTAI equals or exceeds S\$15 million	S\$427,500

During the term of JS Sim's appointment, he shall be paid:

- (a) a basic salary at the rate of S\$24,000 per month payable in arrears on or around the 28th day of every month;
- (b) S\$18,000 per quarter subject to JS Sim fulfilling his key performance indicators as may be prescribed by the Board from time to time; and

MANAGEMENT AND CORPORATE GOVERNANCE

- (c) commencing from 1 April 2017, a variable bonus payable quarterly based on the QOPBTAI of Recruit Express Group to be determined as follows:

QOPBTAI	Variable Bonus
Where QOPBTAI is less than S\$2 million	Nil
Where QOPBTAI equals or exceeds S\$2 million but does not exceed S\$6 million	S\$142,500 to S\$427,500
Where QOPBTAI equals or exceeds S\$6 million but does not exceed S\$10 million	S\$427,500 to S\$712,500
Where QOPBTAI equals or exceeds S\$10 million but does not exceed S\$14 million	S\$712,500 to S\$997,500
Where QOPBTAI equals or exceeds S\$14 million . . .	S\$997,500

During Adeline Sim's appointment, she shall be paid:

- (a) a basic salary at the rate of S\$20,000 per calendar month payable in arrears on or around the 28th day of every month; and
- (b) a semi-annual variable bonus based on the semi-annual operating profits after tax after Incentive of HRnet One Group ("**SOPATAI**") to be determined as follows:

SOPATAI	Variable Bonus
Where SOPBTAI is less than S\$6 million. . .	Nil
Where SOPBTAI equals or exceeds S\$6 million	Maximum 1.5 months of monthly base salary stated in sub-paragraph (a) above multiplied by the percentage of key performance indicators (as may be prescribed by the Board from time to time) achieved by the Appointee, subject to the Appointee achieving a key performance indicators of more than 80%

For the purposes of calculating QOPBTAI and SOPATAI, "**Incentive**" refers to the incentives which sales personnel employed by (in the case of Peter Sim) our Group, or (in the case of JS Sim) the Recruit Express Group or (in the case of Adeline Sim) the HRnet One Group may receive, in addition to their base salary, upon achieving gross profits of such quantum as may be prescribed in the relevant profit sharing incentive plan(s) applicable to our Group, Recruit Express Group or HRnet One Group, as the case may be, for the relevant financial period.

In addition, Peter Sim and JS Sim will be entitled during their respective employment to a monthly transport allowance of S\$4,000 and S\$3,000 respectively.

The Appointee shall also be entitled during his employment to such other benefits such as insurance coverage, health and medical benefits allowances, generally accorded to employees holding a similar position, as may be determined by our Board and the board of directors of HRnet

MANAGEMENT AND CORPORATE GOVERNANCE

One or Recruit Express (as the case may be), as well as any other benefits which our Board and the board of directors of HRnet One or Recruit Express (as the case may be) shall from time to time determine.

HRnet One or Recruit Express (as the case may be) shall reimburse to the Appointee all travelling, hotel, entertainment and other expenses reasonably and properly incurred by him in the reasonable and proper performance of his duties hereunder upon the Appointee providing our Board and the board of directors of HRnet One or Recruit Express (as the case may be) with such vouchers or other evidence of actual payment of such expenses as our Board and the board of directors of HRnet One or Recruit Express (as the case may be) may require.

Non-Competition

After termination of the service agreement entered into by the Appointee, the Appointee shall not, for a period of 12 months following termination of his service agreement (the “**Restricted Period**”):

- (a) be employed in any business in competition with the business(es) carried on by our Company, our subsidiaries and our associated companies at the date of the relevant service agreement (the “**Relevant Business**”);
- (b) carry on for his own account either alone or in partnership (or be concerned as a director in any company engaged in) any business in competition with the Relevant Business;
- (c) assist with technical advice to any person, firm or company engaged in any business in competition with the Relevant Business;
- (d) solicit, in competition with the Relevant Business, any person, firm or company who at any time during the last 12 months of his service was a customer of our Company, our subsidiaries and our associated companies; and
- (e) offer employment by himself or solicit or arrange for employment by any other person of any of the employees of our Company, our subsidiaries and our associated companies,

provided that the above non-competition restrictions shall not apply to any period during the Restricted Period in which the Appointee is employed by any Group Company, with respect to the carrying out of the Appointee’s employment obligations under his service agreement with such Group Company.

CORPORATE GOVERNANCE

Our Directors recognise the importance of good corporate governance and the offering of high standards of accountability to our Shareholders. Our Board of Directors has formed three committees: (a) our Audit Committee, (b) our Remuneration Committee; and (c) our Nominating Committee.

Sin Boon Ann is our Lead Independent Director. As the Lead Independent Director, he is the contact person for our Shareholders where there are concerns or issues which remain unresolved despite communication with our Founding Chairman, Peter Sim, or our CFO, Jennifer Kang, or where such communication is inappropriate.

MANAGEMENT AND CORPORATE GOVERNANCE

AUDIT COMMITTEE

Our Audit Committee comprises Heng Su-Ling Mae, Sin Boon Ann and Tan Ngiap Siew. The Chairman of our Audit Committee is Heng Su-Ling Mae.

Responsibilities of our Audit Committee include, among others:

- assisting our Board in discharging its statutory responsibilities on financing and accounting matters;
- reviewing significant financial reporting issues and judgments to ensure the integrity of the financial statements and any announcements relating to financial performance;
- reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;
- reviewing and reporting to our Board on the adequacy and effectiveness of our internal controls, including financial, operational, compliance and information technology controls, and risk management policies and systems at least annually;
- reviewing, with the external auditor, his evaluation of the system of internal accounting controls;
- reviewing the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by our Board;
- reviewing 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;
- reviewing, with the internal auditor, his evaluation of the implementation and effectiveness of the Compliance Framework, and overseeing the Compliance Committee;
- reviewing 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;
- reviewing any interested person transactions as defined in the Listing Manual. Please see the section entitled “Interested Person Transactions and Potential Conflicts of Interests” of this Prospectus;
- reviewing and approving all hedging policies and types of hedging instruments to be implemented by us, if any;
- monitoring and reviewing the effectiveness of our internal audit function;
- appraising and reporting to our 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;

MANAGEMENT AND CORPORATE GOVERNANCE

- making recommendations to our Board on the proposals to Shareholders on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor; and
- reviewing any actual or potential conflicts of interest that may involve our Directors as disclosed by them to our Board and exercising directors' fiduciary duties in this respect. Upon disclosure of an actual or potential conflict of interests by a Director, our Audit Committee will consider whether a conflict of interests does in fact exist. A Director who is a member of our Audit Committee will not participate in any proceedings of our Audit Committee in relation to the review of a conflict of interests relating to him. The review will include an examination of the nature of the conflict and such relevant supporting data, as our Audit Committee may deem reasonably necessary.

Apart from the duties listed above, our Audit Committee shall review our policy and arrangements for employees and any other persons to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. Our Audit Committee shall ensure that these arrangements allow such concerns to be raised, proportionate and independent investigation of such matters and appropriate follow up action to be taken. Our Audit Committee is also required to discuss matters which may involve any suspected fraud or irregularity, or suspected infringement of any Singapore laws or regulations or rules of the SGX-ST or any other regulatory authority in Singapore, which has or is likely to have a material impact on our operating results or financial position with external auditors and report such matters to the Board at an appropriate time.

INTERNAL CONTROLS

Our Board recognises the importance of a sound internal controls system to safeguard the assets of our Group and our Shareholders' interests. Our Board affirms its overall responsibility for our Group's system of internal controls and for reviewing the adequacy and integrity of those systems. It should be noted that the internal controls system is designed to manage rather than to eliminate risks. Accordingly, the internal controls system can only provide reasonable and not absolute assurance regarding the achievement of our Group's objectives in the following areas:

- (a) effectiveness and efficiency of operations;
- (b) reliability of financial reporting; and
- (c) compliance with applicable laws and regulations.

The first area addresses an entity's basic business objectives, including performance and profitability goals and safeguarding of assets. The second area relates to the preparation of reliable published financial statements, including interim and full year financial reports and financial information derived from such statements, reported publicly. The third area deals with complying with those laws and regulations to which the entity is subject.

Based on the foregoing, and after making all reasonable enquiries and to the best of its knowledge and belief, our Board, with the concurrence of our Audit Committee, is of the opinion that the risk management and internal controls, including operational, financial, compliance and information technology controls, of our Group are adequate to address operational, financial and compliance risks. In arriving at such opinion, our Board is of the view that the risk management and internal controls, including operational, financial, compliance and information technology controls, of our Group provides reasonable assurance that the objectives set out above would be achieved. Our

MANAGEMENT AND CORPORATE GOVERNANCE

Board notes that all internal controls systems contain inherent limitations and no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities.

NOMINATING COMMITTEE

Our Nominating Committee comprises Sin Boon Ann, Heng Su-Ling Mae, Tan Ngiap Siew and Peter Sim. The Chairman of our Nominating Committee is Sin Boon Ann.

Responsibilities of our Nominating Committee include, among others:

- making recommendations to our Board on all Board appointments and the composition of our 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 of Corporate Governance;
- making recommendations to our Board on relevant matters relating to the appointment and re-appointment of our Directors (including alternate Directors, if applicable);
- regularly reviewing the structure, independence, size and composition of our Board of Directors and recommending to our 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 of Corporate Governance and any other salient factors; and
- 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.

Our Nominating Committee will propose, for approval and adoption by our Board, objective performance criteria to evaluate and determine performance of our Board. Such performance criteria should allow for comparison with our industry peers and address how our Board of Directors has enhanced long term shareholder value. Our Nominating Committee will also implement a performance evaluation process to assess the effectiveness of our Board as a whole and our board committees and to assess the contribution by the Chairman of our Board and each individual Director to the effectiveness of our Board.

Each member of our Nominating Committee shall abstain from voting on any resolution in respect of the matter in which he has an interest in.

MANAGEMENT AND CORPORATE GOVERNANCE

REMUNERATION COMMITTEE

Our Remuneration Committee comprises Tan Ngiap Siew, Sin Boon Ann and Heng Su-Ling Mae. The Chairman of our Remuneration Committee is Tan Ngiap Siew.

Responsibilities of our Remuneration Committee include, among others:

- reviewing and recommending to our Board, in consultation with the Chairman of our Board (where applicable, such as in a case where the Chairman of our Board is not a member of our Remuneration Committee), for endorsement, a comprehensive remuneration policy framework and general framework and guidelines for remuneration of our Directors and key management personnel;
- reviewing recommendations made by the GROW Committee with regards to the administration of the 123GROW Plan, including the Opp 1 Plan, the Opp 2 Plan and the HRnet GROW Plan, and recommending the same with such adjustments or modifications as it may deem necessary, to our Board, for endorsement;
- reviewing and recommending to our Board, for endorsement, specific remuneration packages for each of our Directors and the key management personnel;
- reviewing our Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service; and
- recommending to our Board, for endorsement, performance targets for assessing the performance of each of the Executive Directors and key management personnel.

Our Remuneration Committee also periodically considers and reviews remuneration packages for each of our Directors and the key management personnel, having regard to the objective of our remuneration policy which is to ensure that the level and structure of remuneration should be aligned with the long-term interest and risk policies of our Company, and should be appropriate to attract, retain and motivate (i) our Directors to provide good stewardship of our Company, and (ii) the key management personnel to successfully manage our Company.

123GROW PLAN

In conjunction with our listing on the SGX-ST, we have adopted a share plan known as the “123GROW Plan”. There are three distinct components to the 123GROW Plan namely (a) Opp 1 Plan, (b) Opp 2 Plan and (c) HRnet GROW Plan. Opp 1 Plan and Opp 2 Plan are one-off schemes which commence prior to the Listing, and which were approved by our Shareholders on 24 May 2017. HRnet GROW Plan is the employee share incentive plan which commences after the Listing, and which was approved by our Shareholders on 24 May 2017.

The committee (the “**Administration Committee**”) responsible for the administration of the 123GROW Plan, including the Opp 1 Plan, the Opp 2 Plan and the HRnet GROW Plan is the GROW Committee, which as at the date of this Prospectus, comprises Peter Sim, JS Sim, and Adeline Sim. The GROW Committee, which is authorised and appointed by the Board to administer the 123GROW Plan, reports directly to the Remuneration Committee with its recommendations.

We have made an application to the SGX-ST for permission to deal in, and for quotation of, the GROW Award Shares which may be issued upon the release of the share awards to be granted under the 123GROW Plan. The approval of the SGX-ST is not to be taken as an indication of the merits of the Offering, our Company, our subsidiaries, our existing issued Shares, the Offering Shares, the Additional Shares, the Cornerstone Shares, the GLOW Initial Shares, the GLOW Additional Shares, the Opp Plans Shares, the Top-up Issuance shares and the GROW Award Shares.

Background of the 123GROW Plan

From 2000 to 2015, our Group had in place a loyalty incentive scheme for employees called the “**Loyalty Fund Scheme**”. On an annual basis, each subsidiary of our Group sets aside an amount to be treated as a contribution into a pool of funds (the “**Loyalty Fund**”) for the benefit of its employees. Based on the annual performance of the individual employees, job grades, and roles they play, the Executive Directors, Peter Sim and JS Sim, will determine whether to award, and the amount to be awarded, to each of the employees of our Group Companies under HRnet One and Recruit Express respectively. These awarded amounts, i.e. the Loyalty Fund Credits, are essentially a form of cash bonus entitlements given to the eligible employees. The last award of Loyalty Fund Credits was made to employees in April 2016 in respect of their performance in 2015. The actual disbursement of the cash bonus under such an entitlement is conditional upon the final approval of the abovementioned Executive Directors. An employee with Loyalty Fund Credits can apply for the disbursement of his Loyalty Fund Credits. Typically, approval will be granted for purposes that are in the nature of self-improvement or investment, or for other significant personal purchases or funding needs. With the implementation of the 123GROW Plan, eligible employees will be able to use their Loyalty Fund Credits to subscribe for Shares pursuant to, and subject to, the terms and conditions of the Opp 1 Plan, Opp 2 Plan and for the HRnet GROW Plan, as the case may be. As at 31 December 2016, there was approximately S\$7.24 million in outstanding Loyalty Fund Credits. For the avoidance of doubt, the Opp Plans Shares do not constitute part of the Offering and the Opp Plans Shares do not constitute part of the Offering Shares.

Opp 1 Plan

The Opp 1 Plan is a scheme to utilise the accumulated Loyalty Fund Credits to facilitate eligible employees becoming Shareholders at the time of the Listing. No further Employees will be invited to participate in the Opp 1 Plan after the Listing.

123GROW PLAN

Eligibility to participate in the Opp 1 Plan

Employees of our Group (“**Employees**”) are eligible to participate in Opp 1 Plan if they qualify as a PHC for FY2016, provided that they have outstanding Loyalty Fund Credits of a value not less than one month’s basic salary.

Opp 1 Investment Shares

An Employee who is eligible to participate in the Opp 1 Plan (the “**Opp 1 Participant**”) will be offered an opportunity to subscribe for new Shares, i.e. the Opp 1 Investment Shares, at the Offering Price per new Share, to be satisfied in cash. Participation in the Opp 1 Plan will require a subscription to be made. The amount of the subscription that may be made (the “**Opp 1 Investment Amount**”) is subject to a minimum of one month’s basic salary and the maximum of two, four or six months’ basic salary depending on his employee job grade (the “**Salary Cap**”). The Opp 1 Investment Amount cannot exceed the amount of outstanding Loyalty Fund Credits that the Opp 1 Participant holds. The Opp 1 Investment Shares will be issued and credited as fully-paid on or as soon as practicable after the date of the Listing.

Opp 1 Loyalty Shares

Upon the subscription of the Opp 1 Investment Shares, an amount of the Opp 1 Participant's outstanding Loyalty Fund Credits equivalent in value to his Opp 1 Investment Amount, will be mandatorily released and applied towards a further subscription for additional new Shares of our Company, i.e. the Opp 1 Loyalty Shares. The Opp 1 Loyalty Shares will be issued and credited as fully-paid on or as soon as practicable after the date of the Listing.

Opp 1 Bonus Shares

In addition, our Company will grant share awards for additional new shares, i.e. the Opp 1 Bonus Shares, equivalent in number to the Opp 1 Investment Shares, for the benefit of the Opp 1 Participant. These Opp 1 Bonus Shares will be allotted and issued to the relevant Opp 1 Participants in three equal tranches over a period of three years, commencing on the first anniversary of the Listing. The allotment and issue of each tranche of Opp 1 Bonus Shares in each year is subject to the Opp 1 Participant qualifying as a PHC for the relevant year. If this condition is not met in any of the three years or in the event that the Opp 1 Participant ceases to be employed by our Group, the entitlement for the Opp 1 Bonus Shares in that year (or in the case of an Opp 1 Participant ceasing to be employed by our Group, the entire remainder of his entitlement for the Opp 1 Bonus Shares) will expire and these Opp 1 Bonus Shares will not be allotted and issued to the relevant Opp 1 Participant. The entitlement for the allotment and issue of the Opp 1 Bonus Shares in each year is not cumulative towards the following year if the condition is not met in that year.

Rights of Opp 1 Investment Shares, Opp 1 Loyalty Shares and Opp 1 Bonus Shares

The Opp 1 Shares, when allotted and issued, shall be subject to all the provisions of our Constitution and the Companies Act and shall rank in full for all entitlements, including any dividend, right, allotment or other distribution declared or recommended in respect of the then existing Shares, the record date of which is on or after the date of issue of the relevant Opp 1 Shares and (subject as aforesaid) will rank *pari passu* in all respects with the then existing Shares.

123GROW PLAN

Lock-up of Opp 1 Investment Shares, Opp 1 Loyalty Shares and Opp 1 Bonus Shares

The Opp 1 Investment Shares will be subject to a moratorium of six months commencing on the date of their issuance. The Opp 1 Loyalty Shares will be subject to a moratorium over a period of three years commencing on the date of their issuance, whereby these Shares will be released from the moratorium in three equal tranches over a three-year period, commencing on the first anniversary of the date of their issuance. Under such moratorium, the Opp 1 Participant cannot offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, any of his Opp 1 Investment Shares and Opp 1 Loyalty Shares during the relevant moratorium period, regardless of whether the Opp 1 Participant leaves his employment with our Group.

The Opp 1 Bonus Shares when vested, allotted and issued at each tranche will not be subject to any moratorium of any nature.

Financial Impact of the Opp 1 Plan

Based on the lower of the Opp 1 Participants' Loyalty Fund Credits and their Salary Cap as at the Latest Practicable Date, the aggregate amount of Loyalty Fund Credits currently available for utilisation under the Opp 1 Plan, being the value of the Opp 1 Bonus Shares, is S\$4.898 million. On the basis of the foregoing, the maximum financial impact of the Opp 1 Plan would be accounted for as a charge of S\$4.898 million (which will be accounted for as other employee benefit expenses) over the vesting period of three years, assuming all Opp 1 Investment Shares offered are subscribed for in full and all Opp 1 Participants satisfy the Basic Eligibility Criteria and are employed by our Group throughout the entire three-year vesting period.

Opp 2 Plan

The Opp 2 Plan is a scheme which caters mainly for employees who have recently joined our Group and are not entitled to participate in Opp 1 Plan. The Opp 2 Plan provides the management of our Company with a tool to retain these employees by incentivising them through giving them the opportunity to take a stake in our Company in a manner that aligns the interest of these employees with those of the Shareholders. No further Employees will be invited to participate in the Opp 2 Plan after the Listing.

Eligibility to participate in the Opp 2 Plan

Employees will be invited to participate in the Opp 2 Plan if the management of our Company, at their sole discretion, believe that they can contribute to our Group in a manner similar to the employees who are eligible to participate in the Opp 1 Plan.

In addition, Opp 1 Participants who have insufficient Loyalty Fund Credits to maximise their Salary Cap will be eligible to participate in the Opp 2 Plan.

Opp 2 Investment Shares

An Employee who is eligible to participate in the Opp 2 Plan (the “**Opp 2 Participant**”) will be offered an opportunity to subscribe for new Shares, i.e. the Opp 2 Investment Shares, at the Offering Price per new Share, to be satisfied in cash. Participation in the Opp 2 Plan will require a subscription to be made. The amount of the subscription that may be made (the “**Opp 2 Investment Amount**”) is subject to a minimum of one month's basic salary and the maximum of his Salary Cap.

123GROW PLAN

In the case of an employee who is eligible to participate in both the Opp 1 Plan and the Opp 2 Plan, the aggregate of his Opp 1 Investment Amount and Opp 2 Investment Amount shall not exceed his Salary Cap. The Opp 2 Investment Shares will be issued and credited as fully-paid on or as soon as practicable after the date of the Listing.

Opp 2 Buy-in Shares

The Administration Committee (or, in the case where the Opp 2 Participant is a member of the Administration Committee, the Board) may, at its sole discretion, offer the Opp 2 Participant an opportunity to subscribe for additional new Shares, i.e. the Opp 2 Buy-in Shares, at the Offering Price per new Share. The Opp 2 Buy-in Shares will be issued and credited as fully-paid on or as soon as practicable after the date of the Listing.

In the case of an Employee who is a participant of the Opp 2 Plan only, the maximum amount of the subscription that may be made (the “**Opp 2 Buy-in Amount**”) is his Salary Cap. In this regard, the Administration Committee (or, in the case where the Opp 2 Participant is a member of the Administration Committee, the Board) may, at its sole discretion, allow such participant to apply any Loyalty Fund Credits held by him towards payment for any part of the Opp 2 Buy-in Amount, with the remainder to be satisfied in cash.

In the case of an employee who is a participant of both the Opp 1 Plan and the Opp 2 Plan, the maximum Opp 2 Buy-in Amount is his Salary Cap less the value of any Opp 1 Loyalty Shares already unlocked under the Opp 1 Plan.

Opp 2 Bonus Shares

Our Company will grant share awards for additional new shares, i.e. the Opp 2 Bonus Shares, equivalent in number to 50% of the aggregate of the Opp 2 Investment Shares and the Opp 2 Buy-in Shares, for the benefit of the Opp 2 Participant. These Opp 2 Bonus Shares will be allotted and issued to the relevant Opp 2 Participants in three equal tranches over a period of three years, commencing on the first anniversary of the Listing. The allotment and issue of each tranche of Opp 2 Bonus Shares in each year is subject to the Opp 2 Participant qualifying as a PHC for the relevant year. If this condition is not met in any of the three years or in the event that the Opp 2 Participant ceases to be employed by our Group, the entitlement for the Opp 2 Bonus Shares in that year (or in the case of an Opp 2 Participant ceasing to be employed by our Group, the entire remainder of his entitlement for the Opp 2 Bonus Shares) will expire and these Opp 2 Bonus Shares will not be allotted and issued to the Opp 2 Participant. The entitlement for the allotment and issue of the Opp 2 Bonus Shares in each year is not cumulative towards the following year if the condition is not met in that year.

Rights of Opp 2 Investment Shares, Opp 2 Buy-in Shares and Opp 2 Bonus Shares

The Opp 2 Shares, when allotted and issued, shall be subject to all the provisions of our Constitution and the Companies Act and shall rank in full for all entitlements, including any dividend, right, allotment or other distribution declared or recommended in respect of the then existing Shares, the record date of which is on or after the date of issue of the relevant Opp 2 Shares and (subject as aforesaid) will rank *pari passu* in all respects with the then existing Shares.

123GROW PLAN

Lock-up of Opp 2 Investment Shares, Opp 2 Buy-in Shares and Opp 2 Bonus Shares

The Opp 2 Investment Shares will be subject to a moratorium of six months commencing on the date of their issuance. The Opp 2 Buy-in Shares will be subject to a moratorium over three years commencing on the date of their issuance, whereby these Opp 2 Buy-in Shares will be released from the moratorium in three equal tranches over a three-year period, commencing on the first anniversary of the date of their issuance. Under such moratorium, the Opp 2 Participant cannot offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, any of his Opp 2 Investment Shares during the moratorium period, regardless of whether the employee leaves his employment with our Group.

The Opp 2 Bonus Shares when vested, allotted and issued at each tranche will not be subject to any moratorium of any nature.

Financial Impact of the Opp 2 Plan

The maximum financial impact of the Opp 2 Plan, being the value of the maximum number of Opp 2 Bonus Shares that may be required to be allotted and issued (i.e. 50% of the aggregate of the maximum number of Opp 2 Investment Shares and Opp 2 Buy-in Shares), would be accounted for as a charge of S\$1.284 million (which will be accounted for as other employee benefit expenses) over the vesting period of three years commencing on the date of their grant, assuming all Opp 2 Investment Shares and Opp 2 Buy-in Shares offered are subscribed for in full and all Opp 2 Participants satisfy the PHC condition and are employed by our Group throughout the entire three-year vesting period.

Participation by Adeline Sim

Adeline Sim, one of the employees eligible to participate in the Opp 1 Plan and the Opp 2 Plan, is the daughter of our Founding Chairman, Peter Sim. Accordingly, the acquisition by Adeline Sim of an aggregate of up to 399,600 Opp Plans Shares (comprising 109,700 Opp 1 Investment Shares, 109,700 Opp 1 Loyalty Shares, 109,700 Opp 1 Bonus Shares, 23,500 Opp 2 Investment Shares, 23,500 Opp 2 Buy-in Shares and 23,500 Opp 2 Bonus Shares) pursuant to the 123GROW Plan would constitute an interested person transaction for the purposes of Chapter 9 of the Listing Manual. The terms of Adeline Sim's participation had been extended on an arm's length basis applying the same terms and taking into consideration the same eligibility criteria as applicable to all participants in the Opp 1 Plan and the Opp 2 Plan, and are not prejudicial to our Group and our minority Shareholders.

Number of Opp Plans Shares

The maximum aggregate number of Opp Plans Shares (excluding the Opps Plans Bonus Shares) to be issued is 13,687,400, representing approximately 1.34% of the enlarged issued share capital of our Company immediately following the Offering and the issue of the Cornerstone Shares, assuming that the Over-allotment Option is exercised, and further assuming the issue of the maximum number of the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares and the Top-up Issuance Shares.

The maximum number of Opp Plans Bonus Shares available to be allotted and issued under the Bonus Shares Plan is 6,843,700, representing approximately 0.66% of the enlarged issued share capital of our Company immediately following the Offering and the issue of the Cornerstone Shares, assuming that the Over-allotment Option is exercised, and further assuming the issue of

123GROW PLAN

the maximum number of the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares, the Top-up Issuance Shares and the Opp Plans Bonus Shares.

The maximum aggregate number of Opp Plans Shares (including the Opps Plans Bonus Shares) to be issued is 20,531,100, representing approximately 1.99% of the enlarged issued share capital of our Company immediately following the Offering and the issue of the Cornerstone Shares, assuming that the Over-allotment Option is exercised, and further assuming the issue of the maximum number of the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares, the Top-up Issuance Shares and the Opp Plans Bonus Shares.

Investors, upon subscription of the Offering Shares, are deemed to have specifically approved (a) the participation of Adeline Sim in the Opp 1 Plan and Opp 2 Plan and the issuances of Shares to her thereunder; and (b) all future issuances of Shares under the 123GROW Plan.

Further Information Relating to Bonus Shares Plan

The Bonus Shares Plan is considered a share-based payment that falls under Financial Reporting Standards (the “**FRS**”) where Opp 1 Participants who have subscribed for Opp 1 Investment Shares and Opp 2 Participants who have subscribed for Opp 2 Investment Shares and Opp 2 Buy-in Shares (if applicable), will be granted share awards comprising Opp Plans Bonus Shares which will be allotted and issued in three equal tranches over a period of three years, commencing on the first anniversary of the Listing.

Given that the Bonus Shares Plan provides an ongoing incentive to participating employees that will continue for a three-year period following the Listing, the Bonus Shares Plan will, in addition to the HRnet GROW Plan (further described below), be treated as an ongoing share scheme and will comply with the relevant rules as set out in Chapter 8 of the Listing Manual. The rules of the Bonus Shares Plan are set out in Appendix E entitled “Rules of the Bonus Shares Plan” of this Prospectus. For the avoidance of doubt, the Opp 1 Investment Shares, Opp 1 Loyalty Shares, Opp 2 Investment Shares and Opp 2 Buy-in Shares are being extended to the participants prior to the Listing, and therefore would not be treated as an ongoing share scheme for the purposes of Chapter 8 of the Listing Manual.

Limitation on the size of the Bonus Shares Plan

The aggregate number of Opp Plans Bonus Shares which may be allotted and issued pursuant to awards granted under the Bonus Shares Plan on any date, when added to (a) the number of Shares issued and issuable in respect of all awards granted under the Bonus Shares Plan, (b) the number of Shares issued and issuable and/or transferred and transferable in respect of all awards granted under the HRnet GROW Plan and (c) the number of Shares issued and issuable and/or transferred and transferable in respect of all options or awards granted under any other share option, share incentive, performance share or restricted share plan implemented by our Company and for the time being in force, shall not exceed 15.0% of the number of all issued Shares (excluding treasury shares, as defined in the Companies Act) on the day preceding that date.

The aggregate number of Opp Plans Bonus Shares which have been allotted and issued pursuant to awards under the Bonus Shares Plan to participants who are Controlling Shareholders and their respective Associates will not exceed 25% of the total number of Shares available under the Bonus Shares Plan.

123GROW PLAN

The number of Opp Plans Bonus Shares which have been allotted and issued pursuant to awards under the Bonus Shares Plan to each participant who is a Controlling Shareholder or his respective Associate will not exceed 10% of the total number of Shares available under the Bonus Shares Plan.

There will be no future grants of awards under the Bonus Shares Plan after the Listing.

Rationale for Participation by an Associate of our Controlling Shareholder, namely Adeline Sim, in the Bonus Shares Plan

Adeline Sim is our Executive Director, who leads corporate strategic and tactical legal initiatives for our Group, including the development of corporate policies, procedures and programmes. She is also our General Counsel and serves as the key legal advisor, providing continuing counsel and guidance on legal matters and the legal implications for all transactions, obtaining and overseeing the work of external counsel where required. Since August 2015, she has also overseen the newly established digital marketing and communications function of our Group.

Our Directors (excluding Adeline Sim) believe that the potential contribution that may be made by Adeline Sim to our Group's future development will be substantial and her continuing contribution is an important factor for the further growth and success of our Group. Hence, our Directors (excluding Adeline Sim) are of the view that the inclusion of Adeline Sim as a participant in the Bonus Shares Plan will give due recognition for her services and contributions to the growth and development of our Group. The inclusion of Adeline Sim as a participant in the Bonus Shares Plan is consistent with our Company's objectives to motivate our employees to achieve and maintain a high level of performance and contribution which is vital to the success of our Company.

As at the Latest Practicable Date, Adeline Sim has been granted an award comprising of 133,200 Opp Plans Bonus Shares under the Bonus Shares Plan (representing approximately 1.95% of the maximum number of Opp Plans Bonus Shares available to be allotted and issued under the Bonus Shares Plan).

Save for Adeline Sim, there are no other Controlling Shareholders or Associates of a Controlling Shareholder who are participating in the Bonus Shares Plan. Other than those issuances that are disclosed in this Prospectus, any further issuances of Shares to our Directors, Substantial Shareholders and members of their immediate family, will be subject to the requirements of Chapter 8 of the Listing Manual.

Abstention from Voting

Participants who are Shareholders and are eligible to participate in the Bonus Shares Plan have abstained from voting on any Shareholders' resolution relating to the Bonus Shares Plan, including (a) the implementation of the Bonus Shares Plan; and (b) the participation by, or grant of awards to Controlling Shareholders and their Associates (if such participant is a Controlling Shareholder). Participants may act as proxies of Shareholders of our Company in respect of the votes of such Shareholders in relation to any such resolution provided that specific instructions have been given in the proxy forms on how the votes are to be cast in respect of the resolution.

123GROW PLAN

Compliance with Listing Rules

Following the Listing, for as long as there remains any Opp 1 Bonus Shares and Opp 2 Bonus Shares to be issued, our Company will disclose in our annual report, among other things, the aggregate number of Opp 1 Bonus Shares and Opp 2 Bonus Shares that have been released both during and as at the end of the financial year under review. Please see Appendix E, “Rules of the Bonus Share Plan – Annual Report Disclosure” for further details.

HRnet GROW Plan

The rules of our HRnet GROW Plan are set out in Appendix D entitled “Rules of the HRnet GROW Plan” of this Prospectus. The HRnet GROW Plan complies with the relevant rules as set out in Chapter 8 of the Listing Manual. Capitalised terms used throughout this section shall, unless otherwise defined in the section entitled “Definitions” of this Prospectus, bear the meanings as defined in Appendix D entitled “Rules of the HRnet GROW Plan” of this Prospectus.

The HRnet GROW Plan will provide eligible participants with an opportunity to participate in the equity of our Company and to motivate them towards better performance through increased dedication and loyalty. The HRnet GROW Plan forms an integral and important component of our compensation plan and is designed primarily to reward and retain executive directors and employees whose services are vital to the growth and performance of our Company and/or our Group.

Main objectives of the HRnet GROW Plan

The main objectives of the HRnet GROW Plan are as follows:

- (a) to provide an opportunity for participants to participate in the equity of our Company, thereby inculcating a stronger sense of identification with the long term success of our Group and promoting organisational commitment, dedication and loyalty of Participants towards our Group;
- (b) to motivate the participants to strive towards performance excellence and to maintain a high level of contribution to our Group;
- (c) to give recognition to the contributions made by the participants to the success of our Group; and
- (d) to align the interests of the participants with the interests of our Shareholders.

The rationale for adopting the HRnet GROW Plan is to give our Company greater flexibility to align the interests of employees, especially our key personnel, with that of our Shareholders. It is also intended to reward, retain and motivate employees to strive towards performance excellence which creates and enhances economic value for our Shareholders.

The awards given to a particular participant will be determined at the discretion of the Administration Committee, which will take into account factors such as (a) the financial performance of our Group; (b) in respect of a participant being an Employee, criteria such as his rank, job performance, potential for future development and his contribution to the success and development of our Group; and (c) the extent of effort required to achieve the performance condition within the performance period.

123GROW PLAN

Summary of the HRnet GROW Plan

(1) Eligibility

The Employee's eligibility to participate in the HRnet GROW Plan shall be at the absolute discretion of the Administration Committee. Such person must:

- (a) be confirmed in his/her employment with our Group;
- (b) have attained the age of 21 years on or before the date on which the award is granted; and
- (c) not be an undischarged bankrupt and must not have entered into a composition with his creditors.

Controlling Shareholders and Associates of a Controlling Shareholder who meet the above eligibility criteria are also eligible to participate in the HRnet GROW Plan provided that (a) their participation in the HRnet GROW Plan is specifically approved by independent Shareholders in a separate resolution for each such person; (b) the aggregate number of Shares which may be awarded to all Controlling Shareholders and their respective Associates under the Plan shall not exceed 25% of the total number of Shares available under the HRnet GROW Plan; and (c) the number of Shares which may be awarded to each Controlling Shareholder and his respective Associate under the HRnet GROW Plan shall not exceed 10% of the total number of Shares available under the HRnet GROW Plan.

Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the HRnet GROW Plan may be amended from time to time at the absolute discretion of the Administration Committee.

(2) Subscription for GROW Investment Shares and Grant of Awards

Awards will only be granted on a matching basis to participants who subscribe for Shares (the "**GROW Investment Shares**") in accordance with the terms of the HRnet GROW Plan. The matching ratio will be determined by the Administration Committee in its sole discretion and may vary between grants. The subscription by the participant for the GROW Investment Shares (see below) will be treated as issuances of shares for cash and will comply with Part IV, Chapter 8 of the Listing Manual.

Any subscription for GROW Investment Shares under the HRnet GROW Plan by a participant falling within the categories of persons specified under Rule 812(1) of the Listing Manual will be subject to the further approval of Shareholders pursuant to and in accordance with Rule 812(2) of the Listing Manual. Such approval will be sought at the relevant time of the proposed subscription and grant of award to the participant.

The Administration Committee may, in its absolute discretion, invite participants to subscribe for GROW Investment Shares and agree to grant them awards at the relevant matching ratio in respect of any GROW Investment Shares subscribed for, subject to certain terms, conditions and undertakings by an invitation letter in such form as the Administration Committee may from time to time determine. Such invitations shall not be made or accepted during any blackout periods stipulated under the best practices guidelines for dealings in securities of our Company by our officers, as provided under the Listing Manual. The invitation letter shall specify, *inter alia*, the following:

- (a) the maximum amount which may be invested by the participant for the subscription of GROW Investment Shares;

123GROW PLAN

- (b) the subscription price in respect of the GROW Investment Shares;
- (c) the relevant matching ratio of the award to be granted in respect of any GROW Investment Shares subscribed for;
- (d) the date on which the award is granted pursuant to the HRnet GROW Plan;
- (e) the prescribed vesting period;
- (f) the prescribed vesting schedule;
- (g) the extent to which Shares which are the subject of that award shall be released at the end of each prescribed vesting period; and
- (h) the performance condition;
- (i) the performance period;
- (j) where applicable, whether the shares in respect of an award will be, wholly or partly, vested in the form of cash rather than Shares; and
- (k) any other condition which the Administration Committee may determine in relation to that award.

Subject to any adjustment pursuant to the rules of the HRnet GROW Plan, the subscription price for each GROW Investment Share shall be determined by the Administration Committee, in its absolute discretion, on the date of the invitation letter at:

- (a) a price equal to the Market Price; or
- (b) a price which is set at a discount to the Market Price, provided that the maximum discount shall not exceed 10% of the Market Price (or such other percentage or amount as may be determined by the Administration Committee and subject to compliance with the Listing Manual).

The Invitation shall be accepted by the participant within 30 days from the date of the relevant invitation letter and, in any event, no later than 5.00 pm on the thirtieth day from such date of invitation letter by providing our Company a duplicate invitation letter duly executed by the participant specifying the amount to be invested for the subscription of GROW Investment Shares. The subscription amount for the GROW Investment Shares shall be satisfied in cash and remitted to an account designated by our Company, provided that the participant may (subject to the approval requirements and other terms of the Loyalty Fund) elect to apply any available credits standing to his name in the Loyalty Fund to offset such subscription amount. The GROW Investment Shares shall be allotted and issued either by way of an issue of new Shares or transfer of existing Shares held as treasury shares to the participants. Against the issuance or transfer of the GROW Investment Shares to the participant, the award shall be granted in accordance with the terms stipulated in the invitation letter. The GROW Investment Shares, when issued, will not be subject to any moratorium of any nature.

The Administration Committee may amend or waive the vesting period and/or the performance condition in respect of any award in accordance to the HRnet GROW Plan.

123GROW PLAN

An award shall be personal to the participant to whom it is granted and no award or any rights thereunder shall be transferred, charged, assigned, pledged, mortgaged, encumbered or otherwise disposed of, in whole or in part, and if a participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an award, that award shall immediately lapse. Every award shall be subject to the condition that no Shares would be issued or transferred pursuant to the vesting of any shares in respect of an award if such issue or transfer would be contrary to the constitutive documents of our Company or any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue or transfer of Shares hereto.

(3) Size and duration of the HRnet GROW Plan

The aggregate number of Shares which may be issued and/or transferred pursuant to Awards granted under the Plan on any date, when added to (a) the number of Shares issued and issuable and/or transferred and transferable in respect of all Awards granted under the HRnet GROW Plan, (b) the number of Shares issued and issuable in respect of all awards granted under the Bonus Shares Plan and (c) the number of Shares issued and issuable and/or transferred and transferable in respect of all options granted under any other share option, share incentive, performance share or restricted share plan implemented by our Company and for the time being in force, shall not exceed 15.0% of the number of all issued Shares (excluding treasury shares, as defined in the Companies Act) on the day preceding that date.

The Directors believe that the size of the HRnet GROW Plan will give our Company sufficient flexibility to decide the number of Shares to be offered under the HRnet GROW Plan. However, it does not indicate that the Administration Committee will definitely issue Shares up to the prescribed limit. The Administration Committee will exercise its discretion in deciding the number of Shares to be granted to each Participant under the HRnet GROW Plan. This, in turn, will depend on and be commensurate with the performance and value of the participant to our Group.

The aggregate number of Shares that are available to the Controlling Shareholders or Associates of our Controlling Shareholders under the HRnet GROW Plan shall not exceed 25.0% of the total number of Shares available under the HRnet GROW Plan. The number of Shares that are available to each Controlling Shareholder or Associate of our Controlling Shareholder under the HRnet GROW Plan shall not exceed 10.0% of the Shares available under the HRnet GROW Plan.

In determining the number of Shares available on any date for the grant of awards under the HRnet GROW Plan, Shares which are the subject of awards which have lapsed for any reason whatsoever may be the subject of further awards granted by the Administration Committee under the HRnet GROW Plan.

The HRnet GROW Plan shall continue to be in operation at the discretion of the Administration Committee for a maximum period of 10 years commencing on the date on which the HRnet GROW Plan is adopted by our Company in general meeting, provided always that the HRnet GROW Plan may, subject to applicable laws and regulations, continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

123GROW PLAN

The HRnet GROW Plan may be terminated at any time by the Administration Committee and by resolution of our Company in general meeting, subject to all relevant approvals which may be required and if the HRnet GROW Plan is so terminated, no further awards shall be granted by our Company hereunder. The termination of the HRnet GROW Plan shall not affect awards which have been granted, whether such awards have been released (whether fully or partially) or not.

(4) Operation of the HRnet GROW Plan

In relation to each award, the GROW Award Shares shall vest in accordance with the vesting schedule (to be determined by the Administration Committee) over the vesting period, with each tranche vesting on the vesting date and provided that the performance condition specified in respect of that award has been satisfied. As soon as reasonably practicable after the end of the relevant performance period, the Administration Committee shall review the performance condition specified in respect of that award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied.

If the Administration Committee determines in its sole discretion that the performance condition has not been satisfied before the expiry of the relevant performance period, the tranche of GROW Award Shares due to vest in the relevant vesting period shall not vest.

In the event the relevant participant ceases to be an Employee before the expiry of the vesting period, the award in respect of any GROW Award Shares which have not vested shall lapse and be of no value.

The Administration Committee shall have the discretion to determine whether the performance condition has been satisfied (whether fully or partially) or exceeded and, in making any such determination, the Administration Committee shall have the right to make computational adjustments to the audited results of our Company or our Group, as the case may be, to take into account such factors as the Administration Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events.

Subject to the conditions stated in the HRnet GROW Plan, the GROW Award Shares shall be issued either by way of an issue of new Shares or transfer of existing Shares held as treasury shares to the participants.

The new Shares allotted and issued, and existing Shares procured by our Company on behalf of the Participants for transfer, upon the release of an award shall:

- (a) be subject to all the provisions of the Constitution of our Company and the Companies Act; and
- (b) rank in full for all entitlements, including any dividend, right, allotment or other distribution declared or recommended in respect of the then existing Shares, the record date of which is on or after the relevant vesting date and (subject as aforesaid) will rank *pari passu* in all respects with the Shares then existing.

Our Company has the flexibility, if the circumstances require, to decide in relation to an award, whether the award will be, wholly or partly, in the form of cash rather than Shares. The Administration Committee may determine to vest the Shares in respect of an award, wholly or partly, in the form of cash rather than Shares which would otherwise have been vested to

123GROW PLAN

the participant on the relevant vesting date, in which event our Company shall pay to the participant as soon as practicable after such vesting date, in lieu of all or part of such Shares, the aggregate Market Value of such shares on such vesting date.

(5) Adjustments and alterations under the HRnet GROW Plan

(a) Adjustments

If a variation in the issued share capital of our Company (whether by way of a capitalisation of profits or reserves, rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

- (i) the class and/or number of Shares which are the subject of an award to the extent not yet vested and the rights attached thereto; and/or
- (ii) the class and/or number of Shares in respect of which awards may be granted under the HRnet GROW Plan,

may, at the option of the Administration Committee, be adjusted in such manner as the Administration Committee may determine to be appropriate, provided that any such adjustment shall be made in such a way that a participant will not receive a benefit that a Shareholder does not receive.

Unless the Administration Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or upon the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants, or the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

Notwithstanding the provisions of rules of the HRnet GROW Plan, any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the auditors of our Company from time to time (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

Upon any adjustment being made pursuant to the rules of the HRnet GROW Plan, our Company shall notify the participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the release of an award and the date on which such adjustment shall take effect.

123GROW PLAN

(b) Alterations

Any or all the provisions of the HRnet GROW Plan may be modified and/or altered at any time and from time to time by resolution of the Board, except that:

- (i) any modification or alteration which would be to the advantage of participants under the HRnet GROW Plan shall be subject to the prior approval of Shareholders in a general meeting; and
- (ii) no modification or alteration shall be made without the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

(6) Reporting requirements

Under the Listing Manual, an immediate announcement must be made on the date of grant of an award and provide details of the grant, including the following:

- (a) date of grant of the award;
- (b) market price of the Shares on the date of grant of the award;
- (c) number of Shares granted under the award;
- (d) number of Shares granted to each Director and Controlling Shareholder (and each of their Associates) under the award, if any; and
- (e) the vesting period in relation to the award.

Our Company will make such disclosures in our annual report for so long as the HRnet GROW Plan continues in operation as from time to time required by the Listing Manual including the following (where applicable):

- (a) the names of the members of the Administration Committee;
- (b) in respect of the following Participant:
 - (i) Participants who are Directors;
 - (ii) Participants who are Controlling Shareholders and their Associates, if applicable; and
 - (iii) Participants, other than those in (i) and (ii) above, who receive award comprising Shares representing 5.0% or more of the aggregate of:
 - (1) total number of new Shares available under the HRnet GROW Plan; and
 - (2) the total number of existing Shares purchased for delivery of released awards under the HRnet GROW Plan,

123GROW PLAN

the following information:

- (aa) name of Participant;
- (bb) the number of new Shares allotted to such Participant pursuant to release of awards under the HRnet GROW Plan during financial year under review (including terms);
- (cc) the number of existing Shares purchased for delivery pursuant to release of awards under the HRnet GRPW Plan during financial year under review (including terms);
- (dd) the aggregate number of new Shares allotted and existing Shares purchased for delivery since commencement of the HRnet GROW Plan to end of financial year under review; and
- (ee) the aggregate number of Shares comprised in awards which have not been released as at the end of the financial year under review.

(c) In relation to the HRnet GROW Plan:

- (i) the aggregate number of Shares comprised in awards granted since the commencement of the HRnet GROW Plan to the end of the financial year under review;
- (ii) the aggregate number of Shares comprised in awards which have been released during the financial year under review and in respect of such awards, the proportion of:
 - (1) new Shares issued; and
 - (2) where applicable, existing Shares purchased, including the range of prices at which such Shares have been purchased,upon the vesting of released awards; and
- (iii) the aggregate number of Shares comprised in awards which have not been released as at the end of the financial year under review;

(d) such other information as may be required by the Listing Manual or the Companies Act.

(7) Role and composition of the Administration Committee

The Administration Committee responsible for the administration of the HRnet GROW Plan is the GROW Committee, which as at the date of this Prospectus, comprises Peter Sim, JS Sim, and Adeline Sim. The GROW Committee, which is authorised and appointed by the Board to administer the HRnet GROW Plan, reports directly to the Remuneration Committee with its recommendations.

123GROW PLAN

The Administration Committee shall have the power from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the HRnet GROW Plan) for the implementation and administration of the HRnet GROW Plan, to give effect to the provisions of the HRnet GROW Plan and/or to enhance the benefit of the awards to the participants, as it may, in its absolute discretion, think fit.

(8) Abstention from voting

Participants who are Shareholders and are eligible to participate in the HRnet GROW Plan must abstain from voting on any Shareholders' resolution relating to the HRnet GROW Plan, including (a) the implementation of the HRnet GROW Plan; and (b) the participation by, or grant of awards to Controlling Shareholders and their Associates (if such participant is a Controlling Shareholder). Participants may act as proxies of Shareholders of our Company in respect of the votes of such Shareholders in relation to any such resolution provided that specific instructions have been given in the proxy forms on how the votes are to be cast in respect of the resolution.

Rationale for Inclusion of Terms Permitting Participation by our Controlling Shareholders and the Associates of our Controlling Shareholders in the HRnet GROW Plan

Our Company acknowledges that the services and contributions of employees who are Controlling Shareholders or Associates of our Controlling Shareholders are important to the development and success of our Group. The extension of the HRnet GROW Plan to confirmed full-time employees who are Controlling Shareholders or Associates of our Controlling Shareholders allows our Group to have a fair and equitable system to reward and to give due recognition of employees who have actively contributed to the growth and development of our Group. The participation of Controlling Shareholders or the Associates of the Controlling Shareholders in the HRnet GROW Plan will serve both as a reward to them for their dedicated services to our Group and a motivation for them to achieve and maintain a high level of performance and contribution which is vital to the success of our Group and to enhance their long-term commitment to our Group.

Although participants who are Controlling Shareholders or Associates of our Controlling Shareholders may already have shareholding interests in our Company, the extension of the HRnet GROW Plan to include them ensures that they are equally entitled, with the other employees of our Group who are not Controlling Shareholders or Associates of our Controlling Shareholders, to take part and benefit from this system of remuneration. We are of the view that a person who would otherwise be eligible should not be excluded from participating in the HRnet GROW Plan solely by reason that he/she is a Controlling Shareholder or an Associate of our Controlling Shareholder(s).

The specific approval of our independent Shareholders is required for the participation of such persons as well as the actual number of and terms of such awards. A separate resolution must be passed for each such participant. In seeking such approval from our independent Shareholders, clear justification as to the participation of Controlling Shareholders and/or Associates of our Controlling Shareholders, the number of and terms of the awards to be granted to the Controlling Shareholders or Associates of our Controlling Shareholders shall be provided. Accordingly, we are of the view that there are sufficient safeguards against any abuse of the HRnet GROW Plan resulting from the participation of employees who are Controlling Shareholders or Associates of our Controlling Shareholders.

123GROW PLAN

As at the date of this Prospectus, no award has been made under the HRnet GROW Plan and there are no participants (including our Controlling Shareholders and their Associates) under the HRnet GROW Plan.

Financial Effects of the HRnet GROW Plan

The HRnet GROW Plan is considered a share-based payment that falls under Financial Reporting Standards (the “**FRS**”) 102 where participants will receive GROW Award Shares upon the satisfaction of the Performance Condition and are employed at the time these shares vest. The awards will be accounted for as equity-settled share-based payment transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the awards will be recognised as a charge to profit or loss over the period between the grant date and the vesting date of an award. The total amount of the charge over the vesting period is determined by reference to the fair value of each award granted at the grant date and the number of Shares vested at the vesting date, with a corresponding credit to reserve account. Before the end of the vesting period, at each accounting year end, the estimate of the number of awards that are expected to vest by the vesting date is subject to revision, and the impact of the revised estimate will be recognised in profit or loss with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the charge to profit or loss is made.

(1) Share capital

The HRnet GROW Plan will result in an increase in our Company’s issued and paid-up share capital where new GROW Award Shares are issued to participants. The number of new GROW Award Shares issued will depend on, among others, the size of the awards granted under the HRnet GROW Plan. In any case, the HRnet GROW Plan provides that the number of shares to be issued or transferred under the HRnet GROW Plan, when aggregated with the aggregate number Shares over which options or awards are granted under any other share option, share incentive, performance share or restricted share plan implemented by our Company, will be subject to a maximum limit of 15.0% of our total issued Shares (excluding treasury shares, as defined in the Companies Act). If instead of issuing new Shares to the Participants, treasury shares are transferred to Participants or our Company pays the equivalent cash value, the HRnet GROW Plan would have no impact on our Company’s total number of issued Shares.

(2) NAV

The HRnet GROW Plan will result in a charge to our Company’s profit or loss over the period from the grant date to the vesting date of the awards. The amount of the charge will be computed in accordance with SFRS 102. When new Shares are issued under the HRnet GROW Plan, there would be no effect on the NAV. However, when instead of issuing new Shares to participants, existing Shares are purchased for delivery to participants, or our Company pays the equivalent cash value, the NAV would be impacted by the cost of the Shares purchased or the cash payment, respectively.

123GROW PLAN

(3) EPS

The HRnet GROW Plan will result in a charge to earnings equivalent over the period from the grant date to the vesting date, computed in accordance with SFRS 102.

It should again be noted that the delivery of Shares to participants of the HRnet GROW Plan will generally be contingent upon the participants meeting certain prescribed conditions, including the prescribed performance conditions.

Events after Listing

Following the Listing, any other employee incentive share schemes that may be implemented by our Company will be subject to compliance with the relevant rules as set out in Chapter 8 of the Listing Manual, and the approval of Shareholders will be sought for the implementation of any such schemes. Save as disclosed in this Prospectus, the participation by additional Controlling Shareholders or Associates of Controlling Shareholders in any existing or future employee incentive share schemes or additional grants of awards or options pursuant to such schemes to them, will be similarly subject to compliance with the relevant rules as set out in Chapter 8 of the Listing Manual.

SHARE CAPITAL AND SHAREHOLDERS

SHARE CAPITAL

We were incorporated in Singapore on 21 September 2016 under the Companies Act as a private limited company under the name “HRnetGroup Pte. Ltd.”. On 16 May 2017, we converted into a public company limited by shares and changed our name to “HRnetGroup Limited”.

As at the date of incorporation, the issued and paid up capital of our Company was S\$3.00 comprising three ordinary shares. Peter Sim, JS Sim and Nelly Sim were the initial subscribers and were each issued and allotted with one ordinary share.

Since the date of our Company’s incorporation, we have issued and allotted ordinary shares at various points in time. Please refer to “– Changes in Issued and Paid-up Capital of Our Company and Our Subsidiaries” below for more information.

On 16 May 2017 and 24 May 2017, our Shareholders passed resolutions to approve, *inter alia*, the following:

- (i) the conversion of our Company into a public company limited by shares;
- (ii) the adoption of our new Constitution;
- (iii) the change of our name to “HRnetGroup Limited”;
- (iv) that pursuant to Section 161 of the Companies Act, authority be given to our Directors to:
 - (i) (A) issue Shares whether by way of rights, bonus or otherwise; and/or
 - (B) 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,at any time and upon such terms and conditions and for such purposes and to such person(s) as our Directors may in their absolute discretion deem fit; and
- (ii) (notwithstanding the authority conferred by such authority may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by our Directors while such authority was in force,

provided that:

- (1) the aggregate number of Shares to be issued pursuant to such authority (including new Shares to be issued in pursuance of Instruments made or granted pursuant to such authority):
 - (A) by way of a renounceable rights issue on a *pro rata* basis (“**Renounceable Rights Issues**”) to shareholders of our Company, shall not exceed 100.0% of the total number of issued Shares of our Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below) (“**Enhanced Rights Issue Limit**”); and

SHARE CAPITAL AND SHAREHOLDERS

- (B) otherwise than by way of Renounceable Rights Issues, shall not exceed 50.0% of the total number of issued Shares of our Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below),

of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of our Company may not exceed 20.0% of the total number of issued Shares of our Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below);

- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares of our Company shall be based on the total number of issued Shares of our Company excluding treasury shares immediately following the issue of the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares and the Top-up Issuance Shares, the close of the Offering and the issue of the Cornerstone Shares and the Additional Shares, after adjusting for:
 - (A) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time such authority is passed; and
 - (B) any subsequent bonus issue, consolidation or subdivision of shares in the capital of our Company;
- (3) in exercising the authority conferred by such authority, our Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and our Constitution; and
- (4) (unless revoked or varied by our Company in general meeting) the authority conferred by such authority shall continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier;
- (v) that authority be given to our Directors to issue Shares to any person for the purposes of or in connection with the Initial Acquisition;
- (vi) that authority be given to our Directors to issue Shares to Vanda 1 for the purposes of or in connection with the Top-up Issuance;
- (vii) that authority be given to our Directors to issue Shares and offer the same to such persons, on such terms and conditions and with such rights or restrictions as they may think fit to impose, in connection with the Offering, the Over-allotment Option, the cornerstone subscriptions and the admission of our Company to the Official List of the SGX-ST; and

SHARE CAPITAL AND SHAREHOLDERS

(viii) the adoption of the Opp 1 Plan, the Opp 2 Plan and the HRnet GROW Plan and that authority be given to our Directors to, amongst others, allot and issue new Shares as may be required to be issued pursuant to subscriptions made pursuant to the Opp 1 Plan and the Opp 2 Plan, and the vesting of awards granted under the HRnet GROW Plan, and grant awards in accordance with the provisions of the Bonus Shares Plan, provided that the total number of Shares over which awards may be granted on any date, when added to (a) the number of Shares issued and issuable and/or transferred and transferable in respect of all awards granted under the HRnet GROW Plan, (b) the number of Shares issued and issuable in respect of all awards granted under the Bonus Shares Plan and (c) the number of Shares issued and issuable and/or transferred and transferable in respect of all options or awards granted under any other share option, share incentive, performance share or restricted share plan implemented by our Company and for the time being in force, shall not exceed 15.0% of the number of all issued Shares (excluding treasury shares, as defined in the Companies Act) on the day preceding that date.

The authority for the Enhanced Rights Issue Limit was pursuant to the SGX-ST news release of 13 March 2017 and the Listing Manual which introduced measures aimed at helping companies raise funds expediently for expansion activities or working capital and will be in effect until 31 December 2018 by which date the Shares issued pursuant to the Enhanced Rights Issue Limit must be listed. Our Directors are of the view that the Enhanced Rights Issue Limit is in the interests of our Company and our Shareholders.

As at 31 December 2016, the issued and paid-up share capital of our Company is S\$48.5 million divided into 767,734,671 Shares. Assuming the completion of the issue of the maximum number of the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares and the Top-up Issuance Shares and upon the allotment of the Offering Shares which are the subject of the Offering, the Cornerstone Shares and the Additional Shares, the resultant issued share capital of our Company will be increased to S\$276.1 million comprising 1,022,506,872 Shares.

As at the Latest Practicable Date, we have only one class of shares in the capital of our Company. The rights and privileges of our Shares are stated in our Constitution. There are no founder, management or deferred shares reserved for issue for any purpose.

The Offering Shares shall have the same interest and voting rights as our existing Shares that were issued prior to the Offering and there are no restrictions on the free transferability of the fully paid Shares in scripless form except where required by law or the Listing Manual.

As at the Latest Practicable Date, to the best of the knowledge of our Directors, no person has been, or is entitled to be, given an option to subscribe for or purchase any securities of our Company or our subsidiaries. However, please refer to the sections entitled “Corporate Reorganisation and Corporate Structure”, “123GROW Plan” and “– Shareholders – Information on Vanda 1” of this Prospectus for further details on (i) the 88GLOW Plan; (ii) the 123GROW Plan; and (iii) the Top-up Issuance.

SHARE CAPITAL AND SHAREHOLDERS

CHANGES IN ISSUED AND PAID-UP SHARE CAPITAL OF OUR COMPANY AND OUR SUBSIDIARIES

Detail of the changes in the issued and paid-up share capital of our Company from the date of incorporation up to the issue of the Offering Shares, is set out below:

Issued and Fully-paid up Share Capital as at:	Number of Shares Issued	Resultant Issued and Paid-up Share Capital (Number of Shares)	Resultant Issued and Paid-up Share Capital (S\$)
Incorporation	3	3	3
Issue of Shares to SIMCO Ltd.	749,999,997	750,000,000	33,523,503
Issue of Shares to Vanda 1	17,734,671	767,734,671	48,523,503
Restructuring⁽¹⁾			
Issue of GLOW Initial Shares	34,617,200	802,351,871	79,678,983
Issue of Opp 1 Investment Shares, Opp 1 Loyalty Shares, Opp 2 Investment Shares and Opp 2 Buy-in Shares.	13,687,400	816,039,271	91,997,643
Issue of Top-up Issuance Shares.	1,962,701	818,001,972	91,997,645
Pre-Offering share capital⁽¹⁾	818,001,972	818,001,972	91,997,645
Offering Shares to be issued pursuant to the Offering	89,496,900	907,498,872	172,544,855
Issue of Cornerstone Shares	103,908,000	1,011,406,872	266,062,055
Post-Offering share capital⁽¹⁾	1,011,406,872	1,011,406,872	266,062,055
Issue of Additional Shares ⁽²⁾	11,100,000	1,022,506,872	276,052,055
Post-Offering share capital⁽³⁾	1,022,506,872	1,022,506,872	276,052,055

Notes:

- (1) Assuming that the Over-allotment Option is not exercised, and that the maximum number of the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares and the Top-up Issuance Shares (as the case may be) are issued.
- (2) Assuming the exercise of the Over-allotment Option in full.
- (3) Assuming the completion of the issue of the maximum number of the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares and the Top-up Issuance Shares.

There are no Shares issued that have not been fully paid up.

SHARE CAPITAL AND SHAREHOLDERS

Save as disclosed below, there were no changes in the issued and paid-up share capital of our Company, and our subsidiaries within the three years preceding the Latest Practicable Date:

Our Company

Date	Number of Shares Issued (S\$)	Issue Price per share	Purpose of Issue	Resultant Number of Shares	Resultant Issued Share Capital (S\$)
21 September 2016	3	1	Shares issued on incorporation	3	3
11 November 2016	640,760,430	0.044698	Consideration for (i) the acquisition of 92.5% of the issued and paid-up share capital of Recruit Express and (ii) the acquisition of 100% of the issued and paid-up share capital of HRnet One	640,760,433	28,640,712.70
11 November 2016	109,239,567	0.044698	Consideration for the settlement of the Listco Note	750,000,000	33,523,502.87
2 December 2016	17,734,671	0.845801	Capital increase	767,734,671	48,523,502.87

Our Subsidiaries

Date	No. of Shares Issued or Reduced/ Increase or Decrease in Capital	Price per Share	Purpose of Issue/Reduction	Resultant Number of Shares	Resultant Issued Share Capital
YesPay!					
27 October 2015	650,000 ordinary shares reduced	S\$1.00	Distribution of surplus cash to shareholder	350,000 ordinary shares	S\$350,000
HRnet Holdings (HK)					
3 January 2017	100,000 ordinary shares	HK\$1.00	Shares issued on incorporation	100,000 ordinary shares	HK\$100,000

SHARE CAPITAL AND SHAREHOLDERS

Date	No. of Shares Issued or Reduced/ Increase or Decrease in Capital	Price per Share	Purpose of Issue/Reduction	Resultant Number of Shares	Resultant Issued Share Capital
RecruitFirst (Hong Kong)					
15 July 2016	10,000 ordinary shares	HK\$1.00	Shares issued on incorporation	10,000 ordinary shares	HK\$10,000
3 November 2016	5,690,000 ordinary shares	HK\$1.00	Issue of shares to new shareholders	5,700,000 ordinary shares	HK\$5,700,000
APRE					
19 April 2017	60 preference shares	MYR1.00	Restructuring of corporate structure to include preference shares	600,000 ordinary shares and 60 preference shares	MYR600,060
HRnet One (Malaysia)					
19 April 2017	100 preference shares	MYR1.00	Restructuring of corporate structure to include preference shares	1,172,322 ordinary shares and 100 preference shares and	MYR1,172,422
PeopleFirst					
11 May 2017	1,000 preference shares	MYR1.00	Restructuring of corporate structure to include preference shares	500,000 ordinary shares and 1,000 preference shares	MYR501,000
HRnet One (Shanghai)					
30 May 2014	Contribution to registered capital of US\$45,000	Not applicable	Contribution to registered capital	Not applicable	US\$170,000

SHARE CAPITAL AND SHAREHOLDERS

SHAREHOLDERS

Our Directors and Substantial Shareholders as well as their respective shareholdings (i) immediately before the Offering, (ii) assuming the issue of the maximum number of the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares and the Top-up Issuance Shares, and (iii) immediately after the Offering and the issue of the Cornerstone Shares are set out below (assuming Directors and Substantial Shareholders are not subscribing to the Offering):

Before the Offering and assuming the issue of the maximum number of the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares and the Top-up Issuance Shares

	Before the Offering			Assuming the completion of the issue of the maximum number of the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares and the Top-up Issuance Shares		
	Direct Interest		Deemed Interest	Direct Interest		Deemed Interest
	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares
Directors						
Peter Sim ⁽¹⁾	—	—	750,000,000	—	—	750,000,000
JS Sim ⁽¹⁾	—	—	750,000,000	—	—	750,000,000
Adeline Sim ⁽¹⁾	—	—	750,000,000	266,400	0.03	750,000,000
Sin Boon Ann	—	—	—	—	—	—
Heng Su-Ling Mae	—	—	—	—	—	—
Tan Ngiam Siew	—	—	—	—	—	—

SHARE CAPITAL AND SHAREHOLDERS

	Before the Offering			Assuming the completion of the issue of the maximum number of the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares and the Top-up Issuance Shares		
	Direct Interest		Deemed Interest	Direct Interest		Deemed Interest
	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares
Substantial Shareholders (other than Directors)						
SIMCO Ltd ⁽¹⁾	750,000,000	97.69	—	750,000,000	91.69	—
SIMCO Global Ltd. ⁽¹⁾	—	—	750,000,000	—	—	750,000,000
Credit Suisse Trust Limited ⁽¹⁾	—	—	750,000,000	—	—	750,000,000
Nelly Sim ⁽¹⁾	—	—	750,000,000	—	—	750,000,000
Aviel Sim ⁽¹⁾	—	—	750,000,000	2,334,500	0.29	750,000,000
Christine Sim ⁽¹⁾	—	—	750,000,000	—	—	750,000,000
Joshua Sim ⁽¹⁾	—	—	750,000,000	—	—	750,000,000
Other Shareholders						
Vanda 1	17,734,671	2.31	—	19,697,372	2.41	—
Other shareholders ⁽³⁾	—	—	—	45,703,700	5.59	—
Cornerstone Investors	—	—	—	—	—	—
Public	—	—	—	—	—	—
Total	767,734,671	100.0	—	818,001,972	100.0	—

SHARE CAPITAL AND SHAREHOLDERS

Immediately after the Offering and the issue of the Cornerstone Shares

	After the Offering and the issue of the Cornerstone Shares (assuming that Over-allotment Option is not exercised)			After the Offering and the issue of the Cornerstone Shares (assuming that Over-allotment Option is exercised)		
	Direct Interest	Deemed Interest		Direct Interest	Deemed Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors						
Peter Sim ⁽¹⁾	–	–	750,000,000	74.15	–	–
JS Sim ⁽¹⁾	–	–	750,000,000	74.15	–	–
Adeline Sim ⁽¹⁾	266,400	0.03	750,000,000	74.15	266,400	0.03
Sin Boon Ann	–	–	–	–	–	–
Heng Su-Ling Mae	–	–	–	–	–	–
Tan Ngiap Siew	–	–	–	–	–	–
Substantial Shareholders (other than Directors)						
SIMCO Ltd ⁽¹⁾	750,000,000	74.15	–	–	750,000,000	73.35
SIMCO Global Ltd. ⁽¹⁾	–	–	750,000,000	74.15	–	–
Credit Suisse Trust Limited ⁽¹⁾	–	–	750,000,000	74.15	–	–
Nelly Sim ⁽¹⁾	–	–	750,000,000	74.15	–	–
Aviel Sim ⁽¹⁾	2,334,500	0.23	750,000,000	74.15	2,334,500	0.23
Christine Sim ⁽¹⁾	–	–	750,000,000	74.15	–	–
Joshua Sim ⁽¹⁾	–	–	750,000,000	74.15	–	–

SHARE CAPITAL AND SHAREHOLDERS

	After the Offering and the issue of the Cornerstone Shares (assuming that Over-allotment Option is not exercised)			After the Offering and the issue of the Cornerstone Shares (assuming that Over-allotment Option is exercised)		
	Direct Interest		Deemed Interest	Direct Interest		Deemed Interest
	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares
Other Shareholders						
Vanda 1.....	19,697,372	1.95	–	19,697,372	1.93	–
Other shareholders ⁽³⁾	45,703,700	4.52	–	45,703,700	4.47	–
Cornerstone investors	103,922,900	10.28	–	103,922,900	10.16	–
Public	89,482,000	8.85	–	100,582,000	9.84	–
Total	1,011,406,872	100.0	–	1,022,506,872	100.0	–

Notes:

(1) SIMCO Ltd is a company incorporated in the British Virgin Islands. The shares of SIMCO Ltd are wholly-owned by SIMCO Global Ltd., a company incorporated in the Bahamas. The shares of SIMCO Global Ltd. are held as property of the SIMCO Trust.

SIMCO Trust, is a revocable trust whose proper law is that of Singapore. SIMCO Trust was established by Peter Sim, Nelly Sim and JS Sim for the purpose of succession and estate planning. 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 and JS Sim and their respective issue and remoter issue (which include the two minor children of Adeline Sim and the minor child 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. Christine Sim and Joshua Sim are the children of JS Sim.

(2) Please see “– Information on Vanda 1” for further information.

(3) Comprises Shareholders who received Shares pursuant to the 88GLOW Plan and the 123GROW Plan (other than Adeline Sim and Ariel Sim).

SHARE CAPITAL AND SHAREHOLDERS

Save as disclosed in the section entitled “Corporate Reorganisation and Corporate Structure – Corporate Reorganisation” of this Prospectus, there were no significant changes in the percentage of ownership of our Company in the last three years prior to the Latest Practicable Date.

Please also see the section entitled “– Persons intending to subscribe for Shares in the Offering” for more information.

To the best knowledge of our Directors, there is no known arrangement, the operation of which may, at a subsequent date, result in a change in control of our Company.

Save as disclosed in this Prospectus, to the best of the knowledge of our Directors, our Company is not directly or indirectly owned or controlled, whether severally or jointly, by any corporation, government or other natural or legal person.

Information on Vanda 1

Prior to the Listing, our Company and SIMCO Ltd entered into an investment agreement with Vanda 1 on 21 October 2016, pursuant to which our Company issued an aggregate of 17,734,671 ordinary shares representing 2.31% of the then-prevailing issued share capital of our Company on a fully diluted basis, for a consideration of an aggregate sum of S\$15,000,000. Details of Vanda 1 are as set out below:

Vanda 1 is a private limited company incorporated in Singapore. Vanda 1 is managed and controlled by Heliconia Capital Management Pte. Ltd. (“**Heliconia**”), which is an investment company incorporated in Singapore and a wholly-owned subsidiary of Temasek Holdings (Private) Limited (“**Temasek**”). Heliconia provides growth capital to Singapore’s leading small and medium-sized enterprises, to help them become globally competitive companies. Heliconia is an independently managed Temasek portfolio company. Temasek is not involved in Heliconia’s business or operating decisions, including those regarding our Shares.

Pursuant to the investment agreement, SIMCO Ltd and our Company also agreed, among others, that:

- (i) in the event the post-money valuation of our Group which values our Group at 15 times of the net profit after tax of our Company for the financial year ended 31 December 2015 based on the audited consolidated financial statements of our Group, as adjusted taking into account, among others, the minority interests, the 123GROW Plan, and the 88GLOW Plan (“**2015 Final NPAT Multiple**”) amounts to less than the post-money valuation of our Group which values our Group at 15 times of S\$43,346,000, as adjusted taking into account among others, the minority interests, the 123GROW Plan, and the 88GLOW Plan (“**2015 NPAT Multiple**”), our Company shall issue such number of additional Shares for a consideration of S\$1.00 based on the following formula: $(15,000,000 / 2015 \text{ Final NPAT Multiple})$ multiplied by the total number of Shares less $(15,000,000 / 2015 \text{ NPAT Multiple})$ multiplied by the total number of Shares (the “**Initial Top-up Issuance Shares**”); and

SHARE CAPITAL AND SHAREHOLDERS

- (ii) in the event our Company issue or grant any additional new shares or other securities or any options over shares or securities or any warrants, convertible preference shares or other forms of convertible securities (howsoever called) which are convertible into Shares, pursuant to the 123GROW Plan or the 88GLOW Plan (“**Dilution Events**”), SIMCO Ltd shall procure our Company to, and our Company undertook to, issue such number of additional Shares (the “**Additional Top-up Issuance Shares**”, and together with the Initial Top-up Issuance Shares, the “**Top-up issuance Shares**”) pursuant to the aforesaid investment agreement (“**Top-up issuance**”) to Vanda 1 for an aggregate consideration of S\$1.00, to ensure that the shareholding proportion held by Vanda 1 in the Company remains unchanged. The obligations of SIMCO Ltd and our Company to issue the Top-up Issuance Shares to Vanda 1 shall cease upon the completion of the Offering.

Pursuant to sub-paragraph (i), the number of Shares issued to Vanda 1 is as follows:

$(15,000,000/2015 \text{ Final NPAT Multiple}) \times (\text{Number of issued Shares and Initial Top-up Issuance Shares})$

less

$(15,000,000/2015 \text{ NPAT Multiple}) \times (\text{Number of issued Shares}),$

where:

“**2015 Final NPAT Multiple**” refers to $(15.0 \times 41,528,484),$

“**2015 NPAT Multiple**” refers to $(15.0 \times 43,346,000),$ and

“**Number of issued Shares**” refers to 767,734,671 Shares.

Accordingly, 770,833 Initial Top-up Issuance Shares will be issued to Vanda 1.

Pursuant to sub-paragraph (ii), the up to total number of Additional Top-up Issuance Shares to be issued to Vanda 1 is as follows:

$(0.0241 \times \text{total number of Shares (including the Initial Top-up Issuance Shares) following the issue of the maximum number of the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares and the Additional Top-up Issuance Shares})$

less

$(0.0241 \times \text{total number of Shares (including the Initial Top-up Issuance Shares) prior to the issue of the maximum number of the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares and the Opp 2 Buy-in Shares}).$

In connection with the issue of an aggregate of up to 13,687,400 GLOW Initial Shares, Opp 1 Investment Shares, Opp 1 Loyalty Shares, Opp 2 Investment Shares and Opp 2 Buy-in Shares, our Company will, in connection with but separate from the Offering, issue to Vanda 1 up to 1,191,868 Additional Top-up Issuance Shares pursuant to the Top-up Issuance.

SHARE CAPITAL AND SHAREHOLDERS

Information on the Cornerstone Investors

At the same time as but separate from the Offering, each of the Cornerstone Investors has entered into a cornerstone subscription agreement with our Company to subscribe, in aggregate, for 103,922,900 new Shares at the Offering Price, conditional upon, amongst others, the Underwriting Agreement having been entered into and not having been terminated pursuant to their terms on or prior to the Listing Date. The Cornerstone Investors are:

Aberdeen Asset Management Asia Limited

Aberdeen Asset Management Asia Limited, a wholly-owned subsidiary of the Aberdeen Asset Management Group (the “**Aberdeen Group**”), was established in Singapore in May 1992, as the regional headquarters of the Aberdeen Group to oversee all of its Asia-Pacific assets, including collective investment schemes. Aberdeen Asset Management Asia Limited has managed collective investment schemes and/or discretionary funds since May 1992.

Affin Hwang Asset Management Berhad

Affin Hwang Asset Management Bhd (“**Affin Hwang AM**”) was incorporated in Malaysia on 2 May 1997 under the Companies Act 1965 and began its operations under the name Hwang-DBS Unit Trust Berhad in 2001. In early 2014, Affin Hwang AM was acquired by the Affin Banking Group (“**Affin**”) and hence, is now supported by a major Malaysian financial services conglomerate. Affin has over 38 years of experience in the financial industry focusing on commercial, Islamic and investment banking services, money broking, fund management and underwriting of life and general insurance. Additionally, Affin Hwang AM is also 30.0% owned by Nikko Asset Management Asia Limited, a wholly-owned subsidiary of Tokyo-based Nikko Asset Management Co. Ltd, a leading independent Asian investment management franchise. Affin Hwang AM has approximately RM 37.2 billion assets under management as at 30 April 2017.

Credit Suisse AG

Credit Suisse AG is domiciled in Switzerland and is a wholly-owned subsidiary of Credit Suisse Group AG which is listed on the SIX Swiss Exchange (ISIN: CH0012138530). Credit Suisse AG’s business consists of the two divisions of Private Banking & Wealth Management and Investment Banking. Credit Suisse AG’s business builds on its core strengths: its position as a leading global wealth manager, its specialist investment banking capabilities and its strong presence in its home market of Switzerland. Credit Suisse AG seeks to follow a balanced approach to wealth management, aiming to capitalise on both the large pool of wealth within mature markets as well as the significant growth in wealth in Asia Pacific and other emerging markets, while also serving key developed markets with an emphasis on Switzerland. Credit Suisse AG has entered into the cornerstone subscription agreement to subscribe for Units, on behalf of certain clients of its Asia-Pacific division.

en-japan inc.

en-japan inc. was incorporated in Japan in 2000, and is listed on the JASDAQ Securities Exchange. It provides internet job recruitment services, job placement services, consultation on recruitment, employee education and personnel evaluation system, as well as sales of personnel systems and personnel outsourcing services. en-japan inc. is the pioneer of online job-vacancy advertising in Japan, and it operates a variety of job advertisement websites and provides

SHARE CAPITAL AND SHAREHOLDERS

recruitment agency services and temporary staffing companies. en-japan inc.'s core business consists of two segments, namely (i) operating job-listing websites for mid-career workers, temporary workers, and part-time workers, and (ii) providing recruitment agency services.

FIL Investment Management (Hong Kong) Limited

FIL Investment Management (Hong Kong) Limited, acting as professional fiduciary for certain accounts, is incorporated in Hong Kong. Its principal business activity is asset management.

Meiji Yasuda Asset Management Company Ltd.

Meiji Yasuda Asset Management Company Ltd. was incorporated in 1986 and is based in Japan. It operates as a subsidiary of Meiji Yasuda Life Insurance Company. Meiji Yasuda Asset Management Company Ltd. primarily provides its services to pension groups, corporations, and institutional investors and manages mutual funds for its clients. The firm invests in the public equity and fixed income markets and investment funds across the globe.

TechnoPro Holdings, Inc.

TechnoPro Holdings, Inc. was incorporated in Japan in 2006, and is listed on the Tokyo Stock Exchange. It is one of Japan's largest technology-focused staffing and service companies, covering broad technological areas such as machinery, IT software, electronic, chemical, biochemical and construction. With more than 14,000 engineers and researchers, TechnoPro Holdings, Inc. has developed strong partnerships with major global companies including manufacturers, IT and pharmaceutical companies, university laboratories, and public research organizations. As at 30 June 2016, TechnoPro Holdings, Inc. supported 1,894 client companies in their research, development, and design through a variety of solutions as a group of highly specialized engineers.

Persons intending to subscribe for Shares in the Offering

One of our Directors, Tan Ngiap Siew, intends to subscribe for 65,000 Offering Shares. Save for the foregoing, none of our Directors or other Substantial Shareholders intends to subscribe for the Offering Shares. In the event that any of our Directors or Substantial Shareholders subscribe for any Offering Shares, we will, pursuant to Rule 240(1) of the Listing Manual, announce details of such subscription.

To the best of our knowledge, we are not aware of any person who intends to subscribe for more than 5.0% of the Offering Shares.

However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate interest to subscribe for more than 5.0% of the Offering Shares.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

In general, transactions between our Group and any of its interested persons (namely, our Directors or Controlling Shareholders of our Company or their Associates) are interested person transactions for the purposes of Chapter 9 of the Listing Manual.

In case of our Company, interested person means:

- (a) a Director, chief executive officer, or Controlling Shareholder of our Company; or
- (b) Associate of any such Director, chief executive officer, or Controlling Shareholder.

Certain terms such as “control” used in this section have the meanings ascribed to them in the Listing Manual and/or the SFR as the context so requires.

Save as disclosed below and in line with Rules 905(3) and 906(2) of Chapter 9 of the Listing Manual which provides that the requirements relating to interested person transactions under Chapter 9 of the Listing Manual do not apply to any transaction below S\$100,000, a transaction below S\$100,000 is not considered material in the context of the Offering and is not taken into account for the purposes of aggregation in this section.

Save as disclosed below and in the sections entitled “Corporate Reorganisation and Corporate Structure – Sale of shares in Recruit Express to our Company by HRnet One, PIH and JS Sim”, “Corporate Reorganisation and Corporate Structure – Sale of shares in HRnet One to our Company by PIH and JS Sim”, “Corporate Reorganisation and Corporate Structure – Incorporation of HRnet Holdings (HK) and sale of shares in HRnet One (Hong Kong) to HRnet Holdings (HK) by Peter Sim and Nelly Sim”, “Corporate Reorganisation and Corporate Structure – Streamlining of certain dormant/non-material entities – Recruit Legal (Singapore)”, “Corporate Reorganisation and Corporate Structure – Proposed acquisition of shares, economic interests and deemed interests in certain of our subsidiaries and branches of our subsidiaries from the minority interest holders of such subsidiaries pursuant to the 88GLOW Plan” and “123GROW Plan – Participation by Adeline Sim” of this Prospectus, there are no transactions undertaken between our Group and any of its interested persons during the Period Under Review and from 1 January 2017 up to the Latest Practicable Date which are material in the context of the Offering. Investors, upon subscription of the Offering Shares, are deemed to have specifically approved these transactions with our interested persons (including GLOW Shares to be issued under the 88GLOW Plan and Opp Plans Shares to be issued under the 123GROW Plan) and as such these transactions are not subject to Rules 905 and 906 of the Listing Manual to the extent that there are no subsequent changes to the terms of the relevant agreements.

PAST INTERESTED PERSON TRANSACTIONS

Provision of Management Services by PIH

Peter Sim, Nelly Sim and Aviel Sim are each a director of PIH and they collectively own 100.0% of PIH. Following that, PIH is considered to be our interested person. PIH was involved in the provision of management services to the following companies during the Period Under Review, namely HRnet One, HRnet One (Beijing), HRnet One (Hong Kong), HRnet One (Guangzhou), HRnet One (Japan), HRnet One (Malaysia), HRnet One (Shanghai), HRnet One (South Korea), HRnet One (Taiwan) Branch and HRnet One (Thailand) (“**PIH Management Services**”) and PIH ceased to provide the PIH Management Services on 30 June 2016.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

The aggregate amounts paid by HRnet One to PIH for the PIH Management Services during the Period Under Review were as follows:

	FY2014	FY2015	FY2016
	(S\$'million)	(S\$'million)	(S\$'million)
Aggregate amount paid by HRnet One to PIH	1.0	1.0	0.6

The consideration for the PIH Management Services was based on the aggregate of (a) a fixed fee of S\$4,000 for each relevant operating entity; and (b) a variable fee of 2.0% of the gross profit of each relevant operating entity based on the operational accounts for the relevant financial year. Although the terms of the PIH Management Services had been negotiated on a non-arm's length basis, such terms were not prejudicial to our Group and/or the minority shareholders of HRnet One at the relevant time as PIH was the majority shareholder of HRnet One at the relevant time and such arrangement was commercially agreed to by the relevant shareholders of HRnet One (being a privately held company) at the relevant time.

Our Group does not intend to continue to enter into such transactions with PIH following the Listing.

Amount Due from Peter Sim and Nelly Sim to HRnet One (Hong Kong)

Prior to the Restructuring Exercise, Peter Sim and Nelly Sim were directors of HRnet One (Hong Kong) and they collectively owned 100.0% of HRnet One (Hong Kong). During the financial year ended 30 June 2005, Peter Sim and Nelly Sim, in their capacity as directors of HRnet One (Hong Kong), received an aggregate amount of HK\$360,000 which were accounted for as "other emoluments", and which were subsequently reversed into an amount due from the directors to HRnet One (Hong Kong) during the financial year ended 30 June 2006. Such amount due was interest-free, unsecured and had no fixed terms of repayment. The amount due to HRnet One (Hong Kong) was fully repaid on 9 May 2016. Although the amount due to HRnet One (Hong Kong) had been negotiated at a non-arm's length basis as HRnet One (Hong Kong) was wholly owned by Peter Sim and Nelly Sim at the relevant time, such terms were not prejudicial to our Group and/or our minority Shareholders following our Listing having regard to the quantum of the amounts due, which were immaterial.

The aggregate amount due to HRnet One (Hong Kong) as at the end of FY2014, FY2015 and FY2016 were as follows:

	As at 31 December 2014	As at 31 December 2015	As at 31 December 2016
	(HK\$)	(HK\$)	(HK\$)
Aggregate amount due from Peter Sim and Nelly Sim	360,000	360,000	–

During the Period Under Review, the largest amount outstanding owed by Peter Sim and Nelly Sim to our Group was HK\$360,000.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

Our Group does not intend to enter into such transactions with Peter Sim and Nelly Sim following the Listing.

Investment in RecruitFirst by Aviel Sim

On 30 April 2014, RecruitFirst allotted and issued 200,000 ordinary shares of S\$1.00 each in the capital of RecruitFirst to Aviel Sim for a consideration of S\$200,000.

On 21 July 2014, in connection with the above allotment and issuance to Aviel Sim, Aviel Sim entered into a shareholders' agreement with RecruitFirst, HRnet One and the other minority shareholders of RecruitFirst. The shareholders' agreement was superseded by the relevant 88GLOW Co-Owners' Letter entered into by our Company with Aviel Sim, as further described in the section entitled "Corporate Reorganisation and Corporate Structure" of this Prospectus.

The terms of the above allotment and issuance of shares to Aviel Sim, and the terms of the shareholders' agreement, had been negotiated on an arm's length basis.

Following the Initial Acquisition, the Group may in future give employees who may be interested persons the opportunity to own shares in RecruitFirst and any such transaction will be subject to the requirements of the Listing Manual.

Investment in RecruitFirst (Hong Kong) by Aviel Sim

On 3 November 2016, RecruitFirst (Hong Kong) allotted and issued 1,140,000 ordinary shares of HK\$1.00 each in the capital of RecruitFirst (Hong Kong) to Aviel Sim for a consideration of HK\$1,140,000.

On 31 October 2016, in connection with the above allotment and issuance to Aviel Sim, Aviel Sim entered into a shareholders' agreement with RecruitFirst (Hong Kong), HRnet One and the other minority shareholder of RecruitFirst (Hong Kong). Pursuant to the terms of the shareholders' agreement, Aviel Sim agreed to transfer all of his shares in RecruitFirst (Hong Kong) to HRnet One or its nominee(s) on terms provided by HRnet One in certain prescribed circumstances (such as the cessation of employment of Aviel Sim by RecruitFirst (Hong Kong)). If the sale and purchase of Aviel Sim's shares takes place within three years from the relevant date of capital contribution, HRnet One shall buy his shares for a consideration to be determined based on the lower of registered share capital value or the net asset value as determined by a certified public accountant of HRnet One's choice. If the sale and purchase of Aviel Sim's shares takes place after three years from the relevant date of capital contribution, HRnet One shall buy his shares for a consideration to be determined based solely on the net asset value as determined by a certified public accountant of HRnet One's choice.

The terms of the above allotment and issuance of shares to Aviel Sim, and the terms of the shareholders' agreement, had been negotiated on an arm's length basis.

Following our Listing, the shareholders of RecruitFirst (Hong Kong), including Aviel Sim, may be called upon to provide further equity and/or shareholder loans to fund the capital requirements of RecruitFirst (Hong Kong), in proportion to their respective shareholding interests. Any further provision of equity or shareholder loans by Aviel Sim to RecruitFirst (Hong Kong) will be subject to the requirements of Chapter 9 of the Listing Manual.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

PRESENT AND ONGOING INTERESTED PERSON TRANSACTIONS

Provision of Management Services to RecruitFirst and RecruitFirst (Hong Kong)

HRnet One had provided various management services to (i) RecruitFirst (in which Aviel Sim has a deemed interest in 65.0% of the shares of RecruitFirst (which shares are held by HRnet One) and a direct interest in 20.0% of the shares of RecruitFirst as at the Latest Practicable Date and prior to the completion of the Initial Acquisition pursuant to the 88GLOW Plan); and (ii) RecruitFirst (Hong Kong) (in which Aviel Sim has a deemed interest in 75.0% of the shares of RecruitFirst (Hong Kong) (which shares are held by HRnet One) and a direct interest in 20.0% of the shares of RecruitFirst (Hong Kong)) such as:

- corporate management services;
- accounting services;
- payroll, human resource and administrative services; and
- information technology services.

Prior to 1 January 2017, management fees were paid on a cost-recovery basis every quarter by RecruitFirst and RecruitFirst (Hong Kong) to HRnet One as consideration for the provision of the above management services.

Although the terms of the provision of such services prior to 1 January 2017 had been negotiated at a non-arm's length basis as HRnet One was the majority shareholder of RecruitFirst and RecruitFirst (Hong Kong) at the relevant time, such terms were not prejudicial to our Group and/or our minority Shareholders following our Listing having regard to the consideration which was on a cost-recovery basis.

On and from 1 January 2017, the fees paid by RecruitFirst and RecruitFirst (Hong Kong) to HRnet One as consideration for the provision of the above management services comprised a management fee based on the personnel-related costs of staff assigned to perform the services, together with a mark-up of 5.0% to cover administrative costs. The terms of the provision of such services on and from 1 January 2017 had been negotiated at an arm's length basis.

The amounts charged by HRnet One to RecruitFirst for FY2014, FY2015 and FY2016 and for the period from 1 January 2017 to the Latest Practicable Date were S\$0.4 million, S\$0.7 million, S\$0.5 million and S\$0.2 million, respectively.

No amounts were charged by HRnet One to RecruitFirst (Hong Kong) for FY2016 since its incorporation in 2016. The amounts charged by HRnet One to RecruitFirst (Hong Kong) for the period from 1 January 2017 to the Latest Practicable Date were HK\$72,000.

We intend to continue to enter into similar arrangements with RecruitFirst and RecruitFirst (Hong Kong) following our Listing. Such arrangements will be subject to the requirements of Chapter 9 of the Listing Manual, if applicable. In this regard, assuming the completion of the acquisition of the minority interests of 20.0% held by Aviel Sim in RecruitFirst pursuant to the 88GLOW Plan as

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

described under the section entitled “Corporate Reorganisation and Corporate Structure” of this Prospectus, RecruitFirst shall cease to be an associate of Aviel Sim and such arrangements with RecruitFirst will not be subject to the requirements of Chapter 9 of the Listing Manual.

Loans to RecruitFirst

HRnet One had from time to time extended to RecruitFirst (in which Aviel Sim has a deemed interest in 65.0% of the shares of RecruitFirst (which shares are held by HRnet One) and a direct interest in 20.0% of the shares of RecruitFirst as at the Latest Practicable Date and prior to the completion of the Initial Acquisition pursuant to the 88GLOW Plan) loans for working capital purposes. Such loans were unsecured and had no fixed terms of repayment.

Prior to 31 December 2016, such loans were interest-free. Although the terms of the loans granted prior to 31 December 2016 had been negotiated at a non-arm’s length basis as HRnet One was the majority shareholder of RecruitFirst at the relevant time, such terms were not prejudicial to our Group and/or our minority Shareholders following our Listing having regard to the quantum of the loans which is immaterial and the nature of the transaction which was an intra-group loan between HRnet One and RecruitFirst.

On and from 1 January 2017, such loans bore an interest of 4.25% per annum at the relevant time (subject to review on a half-yearly basis). The interest rate is determined taking into account the prime lending rates of banks in Singapore. The terms of the loans granted on and from 1 January 2017 had been negotiated at an arm’s length basis.

The amounts outstanding under such loans as at the end of FY2014, FY2015 and FY2016 and as at the Latest Practicable Date were as follows:

	As at 31 December 2014	As at 31 December 2015	As at 31 December 2016	As at the Latest Practicable Date
	(S\$’million)	(S\$’million)	(S\$’million)	(S\$’million)
Loans from HRnet One to RecruitFirst.	0.3	1.2	0.3	1.5

During the Period Under Review and for the period from 1 January 2017 to the Latest Practicable Date, the largest amount outstanding owed to HRnet One by RecruitFirst was approximately S\$2.8 million.

The aggregate amount of interest income earned by HRnet One on such loans for the period from 1 January 2017 to the Latest Practicable Date was immaterial.

We intend to continue to enter into similar arrangements with RecruitFirst following our Listing. Such arrangements will be subject to the requirements of Chapter 9 of the Listing Manual, if applicable. In this regard, assuming the completion of the acquisition of the minority interests of 20.0% held by Aviel Sim in RecruitFirst pursuant to the 88GLOW Plan as described under the section entitled “Corporate Reorganisation and Corporate Structure” of this Prospectus, RecruitFirst shall cease to be an associate of Aviel Sim and such arrangements with RecruitFirst will not be subject to the requirements of Chapter 9 of the Listing Manual.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

Common Expenses Paid on Behalf of RecruitFirst and RecruitFirst (Hong Kong)

Our subsidiaries, HRnet One, PeopleSearch (Hong Kong), HRnet One (Hong Kong), PeopleSearch and YesPay, had from time to time made payment of common expenses to third parties on behalf of (i) RecruitFirst (in which Aviel Sim has a deemed interest in 65.0% of the shares of RecruitFirst (which shares are held by HRnet One) and a direct interest in 20.0% of the shares of RecruitFirst as at the Latest Practicable Date and prior to the completion of the Initial Acquisition pursuant to the 88GLOW Plan); and (ii) RecruitFirst (Hong Kong) (in which Aviel Sim has a deemed interest in 75.0% of the shares of RecruitFirst (Hong Kong) (which shares are held by HRnet One) and a direct interest in 20.0% of the shares of RecruitFirst (Hong Kong)), which relate to expenses such as maintenance expenses, property rental costs and renovation expenses.

The expenses were charged to RecruitFirst and RecruitFirst (Hong Kong) on a cost-recovery basis with no mark-up as there were no other costs involved in such payments. Although the terms of the payments had been negotiated at a non-arm's length basis, such terms were not prejudicial to our Group and/or our minority Shareholders as HRnet One was the majority shareholder of RecruitFirst and RecruitFirst (Hong Kong) at the relevant time.

We intend to continue to enter into similar arrangements with RecruitFirst and RecruitFirst (Hong Kong) following our Listing. Such arrangements will be subject to the requirements of Chapter 9 of the Listing Manual, if applicable. The terms of such arrangements are expected to be negotiated at a non-arm's length basis for so long as HRnet One continues to be the majority shareholder of RecruitFirst and RecruitFirst (Hong Kong). In this regard, assuming the completion of the acquisition of the minority interests of 20.0% held by Aviel Sim in RecruitFirst pursuant to the 88GLOW Plan as described under the section entitled "Corporate Reorganisation and Corporate Structure" of this Prospectus, RecruitFirst shall cease to be an associate of Aviel Sim and such arrangements with RecruitFirst will not be subject to the requirements of Chapter 9 of the Listing Manual.

The amounts outstanding under such transactions as at the end of FY2014, FY2015 and FY2016 and as at the Latest Practicable Date were as follows:

	As at 31 December 2014	As at 31 December 2015	As at 31 December 2016	As at the Latest Practicable Date
Common expenses paid on behalf of RecruitFirst (S\$'million)	0.1	0.5	0.2	0.3
Common expenses paid on behalf of RecruitFirst (Hong Kong) (HK\$'million)	–	–	0.0 ⁽¹⁾	0.1

Note:

(1) Less than HK\$100,000.

The largest amount outstanding under such transactions to RecruitFirst during the Period Under Review and for the period from 1 January 2017 to the Latest Practicable Date (based on the amounts outstanding as at the end of each calendar month) was approximately S\$0.5 million.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

The largest amount outstanding under such transactions to RecruitFirst (Hong Kong) during the Period Under Review and for the period from 1 January 2017 to the Latest Practicable Date (based on the amounts outstanding as at the end of each calendar month) was approximately HK\$1.2 million.

Provision of Recruitment Services by RecruitFirst

Our subsidiaries, HRnet One, PeopleSearch and YesPay, had been provided recruitment services by RecruitFirst (in which Aviel Sim has a deemed interest in 65.0% of the shares of RecruitFirst (which shares are held by HRnet One) and a direct interest in 20.0% of the shares of RecruitFirst as at the Latest Practicable Date and prior to the completion of the Initial Acquisition pursuant to the 88GLOW Plan), in order for HRnet One, PeopleSearch and YesPay to provide recruitment services to its customers.

The aggregate revenue arising from such services during FY2014, FY2015 and FY2016 and for the period from 1 January 2017 to the Latest Practicable Date were approximately S\$3,000, S\$0.1 million, S\$16,000 and S\$5,000, respectively. Such services fees were negotiated on normal commercial terms and commercially agreed between parties and based on the relative levels of work anticipated to be contributed by each party within the Group in order for HRnet One, PeopleSearch and YesPay to in turn provide services to its customers.

Although the terms of the provision of such services had been negotiated at a non-arm's length basis as HRnet One was the majority shareholder of RecruitFirst at the relevant time, such terms were not prejudicial to our Group and/or our minority Shareholders following our Listing having regard to the consideration which was based on normal commercial terms as described above and the intra-group nature of the transaction.

We intend to continue to enter into similar arrangements with RecruitFirst following our Listing. Such arrangements will be subject to the requirements of Chapter 9 of the Listing Manual, if applicable. The terms of such arrangements are expected to be negotiated at a non-arm's length basis for so long as HRnet One continues to be the majority shareholder of RecruitFirst. In this regard, assuming the completion of the acquisition of the minority interests of 20.0% held by Aviel Sim in RecruitFirst pursuant to the 88GLOW Plan as described under the section entitled "Corporate Reorganisation and Corporate Structure" of this Prospectus, RecruitFirst shall cease to be an associate of Aviel Sim and such arrangements with RecruitFirst will not be subject to the requirements of Chapter 9 of the Listing Manual.

REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

All future interested person transactions will be reviewed and approved in accordance with the threshold limits set out under Chapter 9 of the Listing Manual, to ensure that they are carried out on normal commercial terms and are not prejudicial to our interests and the interests of our minority Shareholders. In the event that such interested person transactions require the approval of our Board and our Audit Committee, relevant information will be submitted to our Board and our Audit Committee for review.

In the event that such interested person transactions require the approval of Shareholders, additional information may be required to be presented to Shareholders and an independent financial adviser may be appointed for an opinion.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

In the review of all future interested person transactions, the following procedures will be applied:

- (a) transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding S\$100,000 in value but below 3.0% of the latest audited NTA of our Group will be subject to review by our Audit Committee at quarterly intervals;
- (b) transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 3.0% but below 5.0% of the latest audited NTA of our Group will be subject to the review and prior approval of our Audit Committee. Such approval shall only be given if the transactions are on arm's length commercial terms and are consistent with similar types of transactions made with non-interested parties; and
- (c) transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 5.0% of the latest audited NTA of our Group will be reviewed and approved by our Audit Committee, prior to such transactions being entered into, which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers.

A register will be maintained to record all interested person transactions (including the bases on which they are entered into, any quotation from unrelated parties obtained to support such basis and the amount and nature of such transactions). Our Audit Committee will review all interested person transactions at least on a quarterly basis to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by our Audit Committee. Our Audit Committee may request for any additional information pertaining to the transaction under review from independent sources, advisers or valuers as it deems fit.

Our Company will maintain a list of Interested Persons (which will be reviewed by a senior finance staff of our Company on a quarterly basis and updated as necessary) and will disclose the list to the relevant staff of our Group to enable the identification of the Interested Persons on a quarterly basis or as and when there are updates.

Our Audit Committee will review all interested person transactions to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual) are complied with. Our Company will also endeavour to comply with the recommendations set out in the Code of Corporate Governance.

Our Audit Committee will from time to time review such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between us and our interested persons are conducted on arm's length basis and on normal commercial terms.

Our Company's annual internal controls plan shall incorporate a review of all interested person transactions, including the established review procedures for the monitoring of all such transactions.

In the event that a member of our Audit Committee is interested in any interested person transaction, he will abstain from reviewing that particular transaction. We will also disclose the aggregate value of interested person transactions conducted during the current financial year in our annual report.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

POTENTIAL CONFLICTS OF INTEREST

None of our Directors, Controlling Shareholders or any of their associates has an interest in any corporation carrying on the same business or dealing in similar businesses as us.

MITIGATION OF POTENTIAL CONFLICTS OF INTEREST

We believe that any potential conflicts of interest, whether with our Directors, Controlling Shareholders and their respective associates or otherwise, are mitigated as follows:

- (a) our Directors have a duty to disclose their interests in respect of any contract, proposal, transaction or any other matter whatsoever in which they have any personal material interest, directly or indirectly, or any actual or potential conflicts of interest (including conflicts of interest that arise from any of their directorships or executive positions or personal investments in any other corporations) that may involve them. Upon such disclosure, such Directors shall not participate in any proceedings of our Board, and shall in any event abstain from voting in respect of any such contract, arrangement, proposal, transaction or matter in which the conflict of interest arises, unless and until our Audit Committee has determined that no such conflict of interest exists;
- (b) our Audit Committee is required to examine the internal control procedures and review procedures put in place by our Company to determine if such procedures put in place are sufficient to ensure that interested person transactions are conducted on normal commercial terms and will not be prejudicial to our Company and our minority Shareholders;
- (c) our Audit Committee will review any actual or potential conflicts of interest that may involve our Directors as disclosed by them to our Board and exercising directors' fiduciary duties in this respect. Upon disclosure of an actual or potential conflict of interests by a Director, our Audit Committee will consider whether a conflict of interest does in fact exist. A Director who is a member of our Audit Committee will not participate in any proceedings of our Audit Committee in relation to the review of a conflict of interest relating to him. The review will include an examination of the nature of the conflict and such relevant supporting data, as our Audit Committee may deem reasonably necessary;
- (d) upon our listing on the SGX-ST, we will be subject to Chapter 9 of the Listing Manual in relation to interested person transactions. The objective of these rules is to ensure that our interested person transactions do not prejudice the interests of our Shareholders as a whole. These rules require us to make prompt announcements, disclosures in our annual report and/or seek Shareholders' approval for certain material interested person transactions. Our Audit Committee may also have to appoint independent financial advisers to review such interested person transactions and opine on whether such transactions are fair and reasonable to us, and not prejudicial to our interests and the interests of our minority Shareholders; and
- (e) our Directors owe fiduciary duties to us, including the duty to act in good faith and in our best interests. Our Directors are also subject to a duty of confidentiality that, save to the extent permitted under Singapore law, precludes a Director from disclosing to any third party (including any of our Shareholders or their associates) information that is confidential.

TAXATION

TAXATION

The statements made herein regarding taxation are general in nature and based on certain aspects of the current tax laws of Singapore and administrative guidelines issued by the relevant authorities in force as of the date of this Prospectus. Such laws or administrative guidelines, or the interpretation of these laws or guidelines, occurring after such date, are subject to change at any time and these changes could be made on a retrospective basis. These laws and guidelines are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. The statements below are not to be regarded as advice on the tax position of any holder of our Shares or of any person acquiring, selling or otherwise dealing with our Shares or on any tax implications arising from the acquisition, sale or other dealings in respect of our Shares. The statements made herein do not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of our Shares and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Prospective Shareholders are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of our Shares. The statements below are based on the basis that our Company is tax resident in Singapore for Singapore income tax purposes. It is emphasised that neither our Company nor any other persons involved in this Prospectus accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of our Shares.

SINGAPORE TAX

General

Individual income tax

An individual is regarded as a tax resident in Singapore in a year of assessment if, in the preceding calendar year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore except for temporary absences.

Individual taxpayers (both resident and non-resident) are liable to Singapore income tax on income accruing in or derived from Singapore, subject to certain exceptions. All foreign-sourced income received in Singapore by an individual, regardless of whether they are resident or non-resident in Singapore, will be exempt from Singapore income tax, except where such income is received by a resident individual taxpayer through a partnership in Singapore.

A Singapore tax resident individual is taxed at progressive rates ranging from 0% to 22% with effect from the year of assessment 2017. A non-resident individual is subject to tax at 22% with effect from the year of assessment 2017, except for certain income which may be taxed at a lower rate. For example, employment income may be taxable at a flat rate of 15% or progressive rates as a tax resident, whichever is higher.

TAXATION

Corporate income tax

A corporate taxpayer is regarded as resident in Singapore for Singapore tax purposes if the control and management of its business is exercised in Singapore. As a general rule, the place where the company is considered tax resident is where the company's board of directors manage and control the business and where they hold their meetings to make strategic operational decisions for the company. Therefore, if the board of directors meets and conducts the company's business in Singapore, the company should generally be regarded as a tax resident in Singapore.

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore.

A non-resident corporate taxpayer is liable to income tax on income that is accruing in or derived from Singapore. A non-resident corporate taxpayer is also liable to Singapore income tax on foreign-sourced income received or deemed received in Singapore but generally only where such taxpayer is considered to be operating in or from Singapore.

Presently, qualifying foreign-sourced income in the form of dividends, branch profits and service income received or deemed to be received in Singapore by Singapore tax resident companies are exempt from tax subject to meeting the following qualifying conditions:

- (i) the headline tax rate (i.e. highest corporate income tax rate) of the foreign jurisdiction from which the income is received is at least 15.0%;
- (ii) the specified foreign-sourced income has been subject to tax in the foreign jurisdiction from which it was received; and
- (iii) the Comptroller is satisfied that the tax exemption would be beneficial to the person resident in Singapore.

Pursuant to a tax concession granted with effect from 30 July 2004, the above foreign-sourced income exemption has been extended to include specified foreign-sourced income which is exempted from tax (i.e. underlying and withholding tax) in the foreign jurisdiction from which it was received as a result of a tax incentive granted by that foreign jurisdiction for carrying out substantive business activities in that foreign jurisdiction, provided that the conditions in (i) and (iii) above are also met.

If the foreign-sourced income is not tax exempt in Singapore, Singapore tax resident companies are entitled to claim foreign tax credit ("**FTC**") for the overseas tax paid on such foreign income, subject to meeting the relevant conditions. The amount of foreign tax credit available to a company is based on the lower of (i) the Singapore tax payable on the particular source of income which qualifies for foreign tax credit or (ii) the actual foreign tax suffered on the same income.

Under the FTC pooling system, Singapore resident companies may elect to claim FTC on a pooled basis on any items of its foreign-sourced income, rather than the usual source-by-source and country-by-country basis, subject to meeting the relevant conditions as follows:

- (i) income tax must have been paid on the income in the foreign jurisdiction from which the income is derived;

TAXATION

- (ii) at the time the foreign-sourced income is received in Singapore, the highest corporate tax rate (headline tax rate) of the foreign jurisdiction from which the income is derived is at least 15.0%;
- (iii) there must be Singapore income tax payable on the foreign-sourced income; and
- (iv) the taxpayer is entitled to claim foreign tax credits under sections 50, 50A or 50B of the Income Tax Act on its foreign-sourced income.

The amount of foreign tax credit to be granted under the FTC pooling system is based on the lower of the total Singapore tax payable on the pooled foreign-sourced income and the pooled foreign taxes paid on that income.

The corporate income tax rate in Singapore is currently 17%. However, three-quarters of up to the first S\$10,000, and one-half of up to the next S\$290,000, of a company's chargeable income otherwise subject to normal taxation is exempt from corporate tax. The remaining chargeable income (after the tax exemption) will be fully taxable at the prevailing corporate tax rate. New companies will also, subject to certain conditions and exceptions, be eligible for full exemption on their normal chargeable income of up to S\$100,000 a year and a 50% exemption on the next S\$200,000 of chargeable income for each of the company's first three years of assessment.

Pursuant to the announcement made in the 2017 Budget by the Minister for Finance, all companies will be granted a 50% corporate income tax rebate, capped at \$25,000, for the year of assessment 2017 and a 20% corporate income tax rebate, capped at S\$10,000, for the year of assessment 2018.

Dividend Distributions

All Singapore-resident companies are currently under the one-tier corporate tax system ("**one-tier system**").

Under the one-tier system, the tax on corporate profits is final and dividends paid by a Singapore-resident company are tax exempt in the hands of a Shareholder, regardless of whether the Shareholder is a company or an individual and whether or not the Shareholder is a Singapore tax resident.

Dividends received in respect of our Shares by either a resident or non-resident of Singapore are not subject to Singapore withholding tax, on the basis that our Company is a tax resident of Singapore and under the one-tier system.

However, foreign shareholders are advised to consult their own tax advisors to take into account the tax laws of their respective countries of residence and the existence of any double taxation agreement which their country of residence may have with Singapore.

Gains on Disposal of our Shares

Singapore currently does not impose tax on capital gains. Any gains made from the sale of our Shares considered to be of a capital nature will not be taxable in Singapore. Gains arising from the disposal of our Shares may be construed to be of an income nature and subject to Singapore income tax, if they arise from or are otherwise connected with activities of a trade or business carried on in Singapore.

TAXATION

There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature. The characterisation of gains arising from the sale of our Shares will depend primarily on the facts and circumstances of each shareholder.

Section 13Z of the Income Tax Act provides for certainty on non-taxability of gains derived by a corporate taxpayer from the disposal of ordinary shares during the period from 1 June 2012 to 31 May 2022 (both dates inclusive) where:

- the divesting company had legally and beneficially held a minimum shareholding of 20.0% of the ordinary shares of the company whose shares are being disposed; and
- the divesting company had maintained the minimum 20.0% shareholding for a continuous period of at least 24 months immediately prior to the disposal.

The abovementioned “safe harbour rules” prescribed under Section 13Z of the Income Tax Act will not apply if the investee company is in the business of trading or holding Singapore immovable properties (excluding property development), where the shares are not listed on a stock exchange in Singapore or elsewhere.

Shareholders who have adopted, or who are required to adopt, the Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement (“**FRS 39**”) for the purposes of Singapore income tax may be required to recognise gains or losses (not being gains or losses in the nature of capital) in accordance with the provisions of FRS 39 (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of our Shares is made. If so, the gain or loss on the shares may be taxed or allowed as a deduction for Singapore income tax purposes notwithstanding that they are unrealised. Shareholders who may be subject to this tax treatment should consult their accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of our Shares.

Stamp Duty

There is no stamp duty payable on the subscription and issue of our Shares. Where our Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of their transfer at the rate of 0.2% of the consideration for, or market value of, our Shares, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary. No stamp duty is payable if no instrument of transfer is executed, or if the instrument of transfer is executed outside Singapore and not brought into Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

Stamp duty is not applicable however to electronic transfers of our Shares through the scripless trading system operated by CDP.

Estate duty

Singapore estate duty was abolished with respect to all deaths occurring on or after 15 February 2008.

TAXATION

Goods and Services Tax (“GST”)

The sale of our Shares by a GST-registered investor belonging in Singapore for GST purposes to another person belonging in Singapore is an exempt supply not subject to GST. Any input GST incurred by the GST-registered investor in making an exempt supply is generally not recoverable from the Singapore Comptroller of GST and becomes an additional cost to the investor unless the investor satisfies certain conditions prescribed under the GST legislation.

Where our Shares are sold by a GST-registered investor in the course of or furtherance of a business carried on by such investor contractually to and for the direct benefit of a person belonging outside Singapore (and who is outside Singapore at the time of supply), the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at 0%. Consequently, any input GST incurred by the GST-registered investor in making such a zero-rated supply in the course of or furtherance of a business, subject to the provisions of the GST legislations, may be recoverable as an input tax from the Singapore Comptroller of GST.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and sale of the Shares.

Services consisting of arranging, brokering, underwriting or advising on the issue, allotment or transfer of ownership of our Shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor’s purchase, sale or holding of our Shares will be subject to GST at the prevailing standard rate of 7.0%. Similar services rendered by a GST-registered person contractually to and for the direct benefit of an investor belonging outside Singapore should generally, subject to the satisfaction of certain conditions, be subject to GST at 0%.

PLAN OF DISTRIBUTION

THE OFFERING

The Offering, together with the offer of the Cornerstone Shares, comprises 193,404,900 Shares (representing 19.1% of the total number of the Shares in issue immediately after the issue and allotment of the Offering Shares, the Cornerstone Shares, and assuming the issue and allotment of 34,617,000 GLOW Initial Shares, 5,427,400 Opp 1 Investment Shares, 5,427,400 Opp 1 Loyalty Shares, 1,605,500 Opp 2 Investment Shares, 1,227,100 Opp 2 Buy-in Shares, and 1,962,701 Top-up Issuance Shares) for subscription under the Placement and the Public Offer, at the Offering Price. The Offering Price was determined after a book-building process and agreed among us and the Joint Bookrunners and Underwriters. Among the factors considered in determining the Offering Price were the prevailing market conditions, current market valuation of publicly traded companies that we believe to be reasonably comparable to us and the current state of our industry and economy as a whole. 85,682,000 Shares are being offered under the Placement and 3,800,000 Shares are being offered under the Public Offer. The Shares may be re-allocated between the Placement and the Public Offer at the discretion of the Joint Bookrunners and Underwriters, following consultation with our Company.

The Public Offer is open to members of the public in Singapore. Under the Placement, the Shares are being offered by way of an international placement through the Joint Bookrunners and Underwriters to investors, in offshore transactions as defined in and in reliance on Regulation S.

Subject to the terms and conditions set forth in the Underwriting Agreement, we will effect the issue of, and the Joint Bookrunners and Underwriters are expected severally to (and not jointly and severally) procure subscribers for, failing which to subscribe for 193,404,900 Shares (being the Offering Shares and the Cornerstone Shares), in the proportions set forth opposite their respective names below.

Joint Bookrunners and Underwriters	Number of Shares
Credit Suisse (Singapore) Limited	67,070,300
Deutsche Bank AG, Singapore Branch.	40,214,900
DBS Bank Ltd.	38,158,800
Nomura Singapore Limited.	47,960,900
Total	193,404,900

Subscribers of the Shares under the Placement may be required to pay brokerage or other similar fees (and if so required, such brokerage will be up to 1.0% of the Offering Price), any stamp duties and other similar charges in accordance with the laws and practices of the country of subscription and/or purchase (as the case may be), in addition to the Offering Price.

Our Company has agreed to indemnify the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters against certain liabilities.

The Underwriting Agreement also provides that the obligations of the Joint Bookrunners and Underwriters to subscribe for, or to procure the subscription for, the Offering Shares, the Cornerstone Shares and the Additional Shares are subject to certain conditions contained in the Underwriting Agreement.

The Underwriting Agreement may be terminated by the Joint Bookrunners and Underwriters at any time prior to the issuance and allotment of the Shares on the Listing Date, pursuant to the terms and subject to the conditions of the Underwriting Agreement upon the occurrence of certain events including, among other things, certain force majeure events.

PLAN OF DISTRIBUTION

OVER-ALLOTMENT OPTION

In connection with the Offering, our Company has granted the Joint Bookrunners and Underwriters the Over-allotment Option, exercisable by the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) in full or in part, on one or more occasions, from the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager (or any of its affiliates or persons acting on its behalf) has bought on the SGX-ST, an aggregate of 11,100,000 Shares, representing not more than 12.4% of the total Offering Shares, in undertaking stabilising actions, to subscribe for up to an aggregate of 11,100,000 Additional Shares (representing not more than 12.4% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of the Offering Shares, if any, subject to any applicable laws and regulations.

PRICE STABILISATION

In connection with the Offering, the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) may over-allot Shares or effect transactions which may stabilise or maintain the market price of the Shares at levels above those that would otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the SFA and any regulations thereunder. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) will undertake any such stabilisation action. Such transactions may commence on or after the commencement of trading of the Shares on the SGX-ST and, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) has bought on the SGX-ST an aggregate of 11,100,000 Shares, representing not more than 12.4% of the total Offering Shares, to undertake stabilising actions. None of our Company, SIMCO Ltd, the Sole Issue Manager, the Joint Global Co-ordinators, the Joint Bookrunners and Underwriters or the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Shares. In addition, none of our Company, SIMCO Ltd, the Sole Issue Manager, the Joint Global Co-ordinators, the Joint Bookrunners and Underwriters or the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) makes any representation that the Stabilising Manager will engage in such transactions or that such transactions once commenced, will not be discontinued without notice (unless such notice is required by law). The Stabilising Manager will be required to make a public announcement through the SGX-ST on the cessation of the stabilising action and the amount of the Over-allotment Option that has been exercised not later than the start of the trading day of the SGX-ST immediately after the day of cessation of stabilising action.

SHARE LENDING

In connection with settlement and stabilisation, the Stabilising Manager, has entered into a share lending agreement (the **"Share Lending Agreement"**) with SIMCO Ltd (the **"Share Lender"**) pursuant to which the Stabilising Manager may borrow up to 11,100,000 Shares allowing the Stabilising Manager, to settle over-allocations, if any, made in connection with the Offering. If the Stabilising Manager borrows Shares pursuant to the Share Lending Agreement, it is required to return equivalent securities to the Share Lender by no later than 5 business days following the earlier of (i) the last date for exercising the Over-allotment Option and (ii) the date on which the Over-allotment Option is exercised.

PLAN OF DISTRIBUTION

LOCK-UP ARRANGEMENTS

SIMCO Ltd

SIMCO Ltd, which holds an aggregate of 750,000,000 Shares ("**SIMCO Lock-Up Shares**"), has undertaken to the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters that it will not, without the prior written consent of the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters, from the date of the Underwriting Agreement, until the date falling six months after the Listing Date, directly or indirectly, (a) offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, any of the SIMCO Lock-Up Shares (including any interests or securities convertible into or exchangeable for any SIMCO Lock-Up Shares or which carry rights to subscribe for or purchase any Shares); (b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the SIMCO Lock-Up Shares or any interests or securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any SIMCO Lock-Up Shares, whether such swap, hedge or other arrangement is to be settled by delivery of shares or other securities, in cash or otherwise; (c) deposit any of the SIMCO Lock-Up Shares (including any interests or securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase any SIMCO Lock-Up Shares) in any depository receipt facilities other than in a CDP designated moratorium account for the purposes of complying with its obligations under this undertaking, whether any such transaction is to be settled by delivery of shares or other securities, in cash or otherwise; (d) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (e) offer to, or agree to, or publicly announce any intention to do any of the above.

The foregoing restrictions do not apply in respect of the Shares which are lent by SIMCO Ltd to the Stabilising Manager under the Share Lending Agreement provided that the restrictions will apply to the Shares returned to SIMCO Ltd pursuant to the Share Lending Agreement.

SIMCO Global Ltd.

SIMCO Global Ltd., which is the sole shareholder of SIMCO Ltd, has undertaken to the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters that subject to compliance with applicable laws, it will not, without the prior written consent of the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters, from the date of the Underwriting Agreement, until the date falling six months after the Listing Date, directly or indirectly, (a) offer, pledge, sell or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly any of its interests in the Shares and its shares in SIMCO Ltd (the "**SL Shares**" and together with the Shares, the "**SGL Lock-Up Securities**") (including any interests or securities convertible into or exchangeable for any SGL Lock-Up Securities or which carry rights to subscribe for or purchase any SGL Lock-Up Securities); (b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of (or having interests in) the SGL Lock-Up Securities or any interests or securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any SGL Lock-Up Securities, whether such swap, hedge or other arrangement is to be settled by delivery of shares or other securities, in cash or otherwise; (c) deposit any of the SGL Lock-Up Securities (including any interests or securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase any SGL Lock-Up Securities) in any depository receipt facilities other than in a CDP designated moratorium account for the purposes of complying with its obligations under this undertaking, whether any such transaction is to be settled by delivery of shares or other securities,

PLAN OF DISTRIBUTION

in cash or otherwise; (d) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (e) offer to, or agree to, or publicly announce any intention to do any of the above.

The foregoing restrictions do not apply in respect of the Shares which are lent by SIMCO Ltd to the Stabilising Manager under the Share Lending Agreement provided that the restrictions will apply to the Shares returned to SIMCO Ltd pursuant to the Share Lending Agreement.

Credit Suisse Trust Limited

Credit Suisse Trust Limited, solely in its capacity as trustee for the SIMCO Trust (“**CSTL**”), has undertaken to the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters that subject to compliance with applicable laws and the terms of the trust deed dated 3 April 2017 (including without limitation any terms limiting the liability of CSTL as trustee in respect of any loss to the trust fund), it will not, without the prior written consent of the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters, from the date of the Underwriting Agreement, until the date falling six months after the Listing Date, directly or indirectly, (a) offer, pledge, sell or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, any of its interests in the Shares, the SL Shares, the SGL Shares, the shares in its nominee entities Seletar Limited and Serangoon Limited (the “**Nominee Entity Shares**”, and together with the Shares, the SL Shares and the SGL Shares, the “**CSTL Lock-Up Securities**”) (including any interests or securities convertible into or exchangeable for any CSTL Lock-Up Securities or which carry rights to subscribe for or purchase any CSTL Lock-Up Securities); (b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of (or having interests in) any of the CSTL Lock-Up Securities or any interests or securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any CSTL Lock-Up Securities, whether such swap, hedge or other arrangement is to be settled by delivery of shares or other securities, in cash or otherwise; (c) deposit any of the CSTL Lock-Up Securities (including any interests or securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase any of the CSTL Lock-Up Securities) in any depository receipt facilities other than in a CDP designated moratorium account for the purposes of complying with its obligations under this undertaking, whether any such transaction is to be settled by delivery of shares or other securities, in cash or otherwise; (d) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (e) offer to, or agree to, or publicly announce any intention to do any of the above.

The foregoing restrictions do not apply in respect of the Shares which are lent by SIMCO Ltd to the Stabilising Manager under the Share Lending Agreement provided that the restrictions will apply to the Shares returned to SIMCO Ltd pursuant to the Share Lending Agreement.

For the avoidance of doubt, any actual or potential liability that is or may be attributed to CSTL under its undertaking shall be solely limited to the value of the trust assets held by CSTL in its capacity as trustee of the SIMCO Trust (and only in such capacity), and not in CSTL’s capacity as trustee of any other trust (whether governed by Singapore law or otherwise) and/or in its personal capacity.

PLAN OF DISTRIBUTION

Peter Sim, Nelly Sim and JS Sim

Each of Peter Sim, Nelly Sim and JS Sim has undertaken to the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters that he/she will not, and he/she will procure that Credit Suisse Trust Limited will not, without the prior written consent of the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters, during the period commencing from the date of the Underwriting Agreement until the date falling six months after the Listing Date, directly or indirectly: (a) offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, any of his/her interest in the Shares, the SL Shares and the SGL Shares (together, the **"Settlor Lock-Up Securities"**) (including any interests or securities convertible into or exchangeable for any Settlor Lock-Up Securities or which carry rights to subscribe for or purchase any Settlor Lock-Up Securities); (b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (or having interests in) the Settlor Lock-Up Securities or any interests or securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any Settlor Lock-Up Securities whether such swap, hedge or other arrangement is to be settled by delivery of shares or other securities, in cash or otherwise; (c) deposit any of the Settlor Lock-Up Securities (including any interests or securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase any Settlor Lock-Up Securities) in any depository receipt facilities other than in a CDP designated moratorium account for the purposes of complying with his/her obligations under this undertaking, whether any such transaction is to be settled by delivery of shares or other securities, in cash or otherwise; (d) take any action or omit to take any action to do or cause any of the above in respect of the interests of the current beneficiaries of the SIMCO Trust in any of the Settlor Lock-Up Securities; (e) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (f) offer to, or agree to, or publicly announce any intention to do any of the above.

The foregoing restrictions do not apply in respect of the Shares which are lent by SIMCO Ltd to the Stabilising Manager under the Share Lending Agreement provided that the restrictions will apply to the Shares returned to SIMCO Ltd pursuant to the Share Lending Agreement.

Adeline Sim

Adeline Sim has undertaken to the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters that she will not, without the prior written consent of the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters, during the period commencing from the date of the Underwriting Agreement until the date falling six months after the Listing Date, directly or indirectly: (a) offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, any of her interest in the Shares (including any Opp Plans Shares and share awards that she will be subscribing for and/or receiving under the 123GROW Plan), the SL Shares and the SGL Shares (together with the Shares and the SL Shares, the **"AD Lock-Up Securities"**) (including any interests or securities convertible into or exchangeable for any AD Lock-Up Securities or which carry rights to subscribe for or purchase any AD Lock-Up Securities); (b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (or having interests in) the AD Lock-Up Securities or any interests or securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any AD Lock-Up Securities whether such swap, hedge or other arrangement is to be settled by delivery of shares or other securities, in cash or otherwise; (c) deposit any of the AD Lock-Up Securities (including any interests or securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase any AD Lock-Up Securities)

PLAN OF DISTRIBUTION

in any depository receipt facilities other than in a CDP designated moratorium account for the purposes of complying with her obligations under this undertaking, whether any such transaction is to be settled by delivery of shares or other securities, in cash or otherwise; (d) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (e) offer to, or agree to, or publicly announce any intention to do any of the above.

The foregoing restrictions do not apply in respect of the Shares which are lent by SIMCO Ltd to the Stabilising Manager under the Share Lending Agreement provided that the restrictions will apply to the Shares returned to SIMCO Ltd pursuant to the Share Lending Agreement.

Aviel Sim

Aviel Sim has undertaken to the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters that he will not, without the prior written consent of the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters, during the period commencing from the date of the Underwriting Agreement until the date falling six months after the Listing Date, directly or indirectly: (a) offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, any of his interest in the Shares (including any GLOW Initial Shares that he will be acquiring under the 88GLOW Plan), the SL Shares and the SGL Shares (and together with the Shares and the SL Shares, the **“AS Lock-Up Securities”**) (including any interests or securities convertible into or exchangeable for any AS Lock-Up Securities or which carry rights to subscribe for or purchase any AS Lock-Up Securities); (b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (or having interests in) the AS Lock-Up Securities or any interests or securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any AS Lock-Up Securities whether such swap, hedge or other arrangement is to be settled by delivery of shares or other securities, in cash or otherwise; (c) deposit any of the AS Lock-Up Securities (including any interests or securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase any AS Lock-Up Securities) in any depository receipt facilities other than in a CDP designated moratorium account for the purposes of complying with his obligations under this undertaking, whether any such transaction is to be settled by delivery of shares or other securities, in cash or otherwise; (d) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (e) offer to, or agree to, or publicly announce any intention to do any of the above.

The foregoing restrictions do not apply in respect of the Shares which are lent by SIMCO Ltd to the Stabilising Manager under the Share Lending Agreement provided that the restrictions will apply to the Shares returned to SIMCO Ltd pursuant to the Share Lending Agreement.

Christine Sim

Christine Sim has undertaken to the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters that she will not, without the prior written consent of the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters, during the period commencing from the date of the Underwriting Agreement until the date falling six months after the Listing Date, directly or indirectly: (a) offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, any of her interest in the Shares, the SL Shares and the SGL Shares (and together with the Shares and the SL Shares, the **“CSHL Lock-Up Securities”**) (including any interests or securities convertible into or exchangeable for any CSHL Lock-Up Securities or which carry rights to subscribe for or purchase any CSHL Lock-Up Securities); (b) enter into any swap, hedge or

PLAN OF DISTRIBUTION

other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (or having interests in) the CSHL Lock-Up Securities or any interests or securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any CSHL Lock-Up Securities whether such swap, hedge or other arrangement is to be settled by delivery of shares or other securities, in cash or otherwise; (c) deposit any of the CSHL Lock-Up Securities (including any interests or securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase any CSHL Lock-Up Securities) in any depository receipt facilities other than in a CDP designated moratorium account for the purposes of complying with its obligations under this undertaking, whether any such transaction is to be settled by delivery of shares or other securities, in cash or otherwise; (d) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (e) offer to, or agree to, or publicly announce any intention to do any of the above.

The foregoing restrictions do not apply in respect of the Shares which are lent by SIMCO Ltd to the Stabilising Manager under the Share Lending Agreement provided that the restrictions will apply to the Shares returned to SIMCO Ltd pursuant to the Share Lending Agreement.

Joshua Sim

Joshua Sim has undertaken to the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters that he will not, without the prior written consent of the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters, during the period commencing from the date of the Underwriting Agreement until the date falling six months after the Listing Date, directly or indirectly: (a) offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, any of his interest in the Shares, the SL Shares and the SGL Shares (and together with the Shares and the SL Shares, the “**JSWR Lock-Up Securities**”) (including any interests or securities convertible into or exchangeable for any JSWR Lock-Up Securities or which carry rights to subscribe for or purchase any JSWR Lock-Up Securities); (b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (or having interests in) the JSWR Lock-Up Securities or any interests or securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any JSWR Lock-Up Securities whether such swap, hedge or other arrangement is to be settled by delivery of shares or other securities, in cash or otherwise; (c) deposit any of the JSWR Lock-Up Securities (including any interests or securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase any JSWR Lock-Up Securities) in any depository receipt facilities other than in a CDP designated moratorium account for the purposes of complying with its obligations under this undertaking, whether any such transaction is to be settled by delivery of shares or other securities, in cash or otherwise; (d) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (e) offer to, or agree to, or publicly announce any intention to do any of the above.

The foregoing restrictions do not apply in respect of the Shares which are lent by SIMCO Ltd to the Stabilising Manager under the Share Lending Agreement provided that the restrictions will apply to the Shares returned to SIMCO Ltd pursuant to the Share Lending Agreement.

Vanda 1

Vanda 1 has undertaken to the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters that it will not, without the prior written consent of the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters, during the period commencing from the date of the Underwriting Agreement until the date falling six months

PLAN OF DISTRIBUTION

after the Listing Date, directly or indirectly, (a) offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, any of the 3,030,704 Shares that are subject to the undertaking (the “**Vanda Lock-Up Shares**”) (including any interests or securities convertible into or exchangeable for any Vanda Lock-Up Shares or which carry rights to subscribe for or purchase any Vanda Lock-Up Shares); (b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Vanda Lock-Up Shares or any interests or securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any Vanda Lock-Up Shares, whether such swap, hedge or other arrangement is to be settled by delivery of shares or other securities, in cash or otherwise; (c) deposit any of the Vanda Lock-Up Shares (including any interests or securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase any Vanda Lock-Up Shares) in any depository receipt facilities other than in a CDP designated moratorium account for the purposes of complying with its obligations under this undertaking, whether any such transaction is to be settled by delivery of shares or other securities, in cash or otherwise; (d) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (e) offer to, or agree to, or publicly announce any intention to do any of the above.

Our Company

We have agreed with the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters that during the period commencing from the date of the Underwriting Agreement until the date falling six months after Listing Date, we will not, without the prior written consent of the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters, (a) allot, offer, issue, sell, contract to issue, grant any option, warrant or other right to subscribe or purchase, grant security over, encumber (whether by way of mortgage, assignment of rights, charge, pledge, pre-emption rights, rights of first refusal or otherwise), or otherwise dispose of or transfer, any Shares or any other securities of our Company or any subsidiary of ours (including any equity-linked securities, perpetual securities and any securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase such Shares or any other securities of our Company or any subsidiary of ours), whether such transaction is to be settled by delivery of Shares or other securities of our Company or any subsidiary of ours, or in cash or otherwise, (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or any other securities of our Company or any subsidiary of ours, or any interest in any of the foregoing (including any securities convertible into or exchangeable for, or which carry rights to subscribe or purchase Shares or any other securities of our Company or any subsidiary of ours), whether such transaction is to be settled by delivery of Shares or other securities of our Company or any subsidiary of ours, or in cash or otherwise; (c) deposit any Shares or any other securities of our Company or any subsidiary of ours (including any securities convertible into or exchangeable for, or which carry rights to subscribe or purchase such Shares or any other securities of our Company or any subsidiary of ours) in any depository receipt facilities; (d) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (e) offer to, or agree to, or publicly announce any intention to do any of the above.

The foregoing does not apply to the issue of the Offering Shares, the Additional Shares, the GLOW Initial Shares, the Opp 1 Investment Shares, the Opp 1 Loyalty Shares, the Opp 2 Investment Shares, the Opp 2 Buy-in Shares, the GROW Investment Shares, the GROW Award Shares and the Top-up Issuance Shares.

PLAN OF DISTRIBUTION

SGX-ST LISTING

We have received a letter of eligibility from the SGX-ST for the listing of and quotation for the Shares on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, our Group, our Company or the Shares. It is expected that the Shares will commence trading on the SGX-ST on a “ready” basis on or about 9.00 a.m. on 16 June 2017. Prior to this Offering, there has been no trading market for the Shares. We cannot assure you that an active trading market will develop for the Shares, or that the Shares will trade in the public market subsequent to this Offering at or above the Offering Price.

INTERESTS OF THE SOLE ISSUE MANAGER, THE JOINT GLOBAL COORDINATORS AND THE JOINT BOOKRUNNERS AND UNDERWRITERS

The Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters and certain of their affiliates may engage in transactions with, and perform services for our Group, and our substantial shareholders in the ordinary course of business and have engaged in and provided and may in the future engage in and provide, various transactions and/or services (including transactions and services relating to commercial banking, investment banking, private banking and/or trustee services with or to our Group and our substantial shareholders, for which they have received, or may in the future receive, customary fees.

DISTRIBUTION AND SELLING RESTRICTIONS

The distribution of this document or any offering material and the offering, sale or delivery of the Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this document or any offering material in connection with the Shares are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This document may not be used for the purpose of an offer or invitation to subscribe for and/or purchase the Shares in any circumstances with which such offer or invitation is not authorised.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Shares being offered outside of Singapore or the possession, circulation or distribution of this document or any other material relating to our Company or the Shares in any jurisdiction where action for the purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Shares may be distributed or published, in or from any country or jurisdiction except under circumstances that will be in compliance with any applicable rules or regulations of any such country or jurisdiction.

Hong Kong

The contents of this document have not been reviewed by any regulatory authority in Hong Kong and no action has been taken in Hong Kong to authorise or register this Prospectus or to permit the distribution of this Prospectus or any document issued in connection with it. You are advised to exercise caution in relation to the Offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

PLAN OF DISTRIBUTION

No Shares have been or may be offered or sold in Hong Kong or directed from outside Hong Kong to any person in Hong Kong, by means of any document, other than to “professional investors” as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any rules made thereunder, or in circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning thereof.

No advertisement, invitation or document relating to the Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to the Offering Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning ascribed to it in the Securities and Futures Ordinance and any rules made thereunder.

Japan

The Shares have not been and will not be registered in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended, the “FIEL”) in reliance upon the exemption from the registration requirements since the offering constitutes the small number private placement as provided for in “ha” of Article 2, Paragraph 3 and/or 4, Item 2 of the FIEL and, accordingly, none of the Shares nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit, of any Japanese person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For this purpose, a “Japanese person” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Shares has been or will be registered with the Securities Commission of Malaysia (“SC”) pursuant to the Capital Markets and Services Act 2007 (“CMSA”) and no approval for the offering of the Shares has been or will be obtained from the SC pursuant to the CMSA. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription, of the Shares may not be circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than to individuals or other legal entities who fall under paragraphs 3(a), 4, 5, 6, 10, 13 and 24 of Schedule 6 to the Capital Markets and Services Act 2007. This Prospectus does not constitute and may not be used for the purpose of a public offering or an issue, offer for subscription, invitation to subscribe for any securities requiring the registration of a prospectus with the SC under the CMSA.

PRC

The Shares may not be offered or sold, directly or indirectly, and will not be offered or sold to or for the benefit of, any person in the PRC as part of the initial offering of the Shares, except pursuant to applicable laws and regulations of the PRC.

PLAN OF DISTRIBUTION

Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the Shares without obtaining all prior PRC governmental approvals that are required, whether statutory or otherwise. Persons who come into possession of this document are required by our Company and its representatives to observe these restrictions. This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful to make the offer or solicitation in the PRC. No action has been taken by the Sole Issue Manager, the Joint Global Co-ordinators, and the Joint Bookrunners and Underwriters which would permit a public offering of any Shares or distribution of this Prospectus in the PRC. Accordingly, the Shares are not being offered or sold within the PRC by means of this Prospectus or any other document. Neither this Prospectus nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

Switzerland

The Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“**SIX**”) or on any other stock exchange or trading venue in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the listing rules of the SIX or the listing rules of any other stock exchange or trading venue in Switzerland.

This Prospectus is being communicated in Switzerland to a small number of selected investors only. Neither this document nor any other offering or marketing material relating to the Shares or the Offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the Offering, our Company or the Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the Offering will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and neither our Company nor the Shares have been or will be authorised under the Swiss Federal Act on Collective Investment Schemes (“**CISA**”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Shares.

Taiwan

The Shares may be made available outside Taiwan for purchase by investors residing in Taiwan (either directly or through properly licensed Taiwan intermediaries acting on behalf of such investors) but may not be offered or sold in Taiwan.

The UK

This Prospectus does not constitute an approved prospectus for the purposes of and as defined in Section 85 of the Financial Services and Markets Act 2000 (as amended) (the “**FSMA**”), has not been prepared in accordance with the prospectus rules issued by the UK Financial Conduct Authority (the “**FCA**”) pursuant to Section 73A of the FSMA and has not been approved by or filed with the FCA or by any other authority which would be a competent authority for the purposes of the Prospectus Directive (as defined below). The Shares may not be offered or sold and will not be offered or sold to the public in the UK (within the meaning of Sections 85 and 102B of the FSMA) save in the circumstances where it is lawful to do so without an approved prospectus (within the meaning of Section 85 of the FSMA) being made available to the public before the offer is made. In addition, no person may communicate or cause to be communicated any invitation or

PLAN OF DISTRIBUTION

inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Shares except in circumstances in which Section 21(1) of the FSMA does not apply to our Company.

This Prospectus is only distributed to and is only directed at persons in the UK who are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive (as defined below): (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the “**Order**”); and/or (ii) who are high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2)(a) to (d) of the Order; or (iii) who are persons to whom it may otherwise be lawfully communicated (all such persons referred to in (i) to (iii) above together being referred to as “**Relevant Persons**”). The Shares are only available to, and an investment activity will only be engaged with, Relevant Persons. Any person that is not a Relevant Person should not act on or rely on this document or any of its contents.

This Prospectus is exempt from the general restriction in Section 21 of the FSMA on the communication of invitations or inducements to engage in investment activity on the grounds that it is being issued to and/or directed at only the types of person referred to above.

The US

The Shares have not been and will not be registered under the US Securities Act, and may not be offered or sold within the US except in certain transactions exempt from the registration requirements of the US Securities Act. The Shares are being offered and sold in offshore transactions as defined in and in reliance on Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S under the US Securities Act.

CLEARANCE AND SETTLEMENT

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of our Shares on the Main Board of the SGX-ST. A board lot for our Shares will comprise 100 Shares.

Upon listing and quotation on the SGX-ST, our Shares will be traded under the book-entry (scripless) settlement system of CDP, and all dealings in and transactions of our Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, as amended from time to time.

CDP, a wholly-owned subsidiary of the Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its account holders and facilitates the clearance and settlement of securities transactions between account holders through electronic book-entry changes in the securities accounts maintained by such account holders with CDP.

Our Shares will be registered in the name of CDP or its nominees and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Persons named as direct securities account holders and Depository Agents in the Depository Register maintained by CDP, rather than CDP itself, will be treated, under the laws of Singapore and our Constitution, as members of our Company in respect of the number of our Shares credited to their respective Securities Accounts.

Persons holding our Shares in a securities account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will not, however, be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be *prima facie* evidence of title and may be transferred in accordance with our Constitution. A fee of S\$10.00 for each withdrawal of 1,000 Shares or less and a fee of S\$25.00 for each withdrawal of more than 1,000 Shares will be payable to CDP upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2.00 (or such other amount as our Directors may decide) will be payable to our Share Registrar for each share certificate issued and stamp duty of S\$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares, or S\$0.20 per S\$100.00 or part thereof of the last-transacted price where our Shares are withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on the SGX-ST must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective securities accounts credited with the number of our Shares deposited before they can effect the desired trades. A fee of S\$10.00, subject to GST at the prevailing rate (currently 7.0%), is payable upon the deposit of each instrument of transfer with CDP. The above fees may be subject to such changes as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of our Shares sold and the buyer's Securities Account being credited with the number of our Shares acquired. No transfer stamp duty is currently payable for the transfer of our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on the SGX-ST is payable at the rate of 0.0325% of the transaction value. The clearing fee, instrument of transfer deposit fee and share withdrawal fee are subject to GST of 7.0% (or such other rate prevailing from time to time).

CLEARANCE AND SETTLEMENT

Dealings in our Shares will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal “ready” basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct securities account with CDP or a securities sub-account with a Depository Agent. A Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

INDEPENDENT AUDITOR AND EXPERT

INDEPENDENT AUDITOR AND REPORTING ACCOUNTANT

Deloitte & Touche LLP, Public Accountants and Chartered Accountants, Singapore, the Independent Auditors and Reporting Accountants, has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of:

- (a) its name and all references thereto; and
- (b) its report titled “Independent Auditor’s Report and the Combined Financial Statements for the financial years ended 31 December 2014, 2015 and 2016”,

in the form and context in which they are included in this document and to act in such capacity in relation to this Prospectus. The above-mentioned report was prepared for the purpose of incorporation in this Prospectus.

EXPERT

Frost & Sullivan, the Independent Market Research Consultant, has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its name and all references thereto, the report appearing in Appendix F of this Prospectus, and the statements attributable to it appearing in the sections entitled “Summary – Our Business”, “Summary – Our Competitive Strengths”, “Summary – Our Strategies”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Overview”, “Business – Overview”, “Business – Our Competitive Strengths” and “Business – Our Strategies” of this Prospectus, in the form and context in which they are included in this Prospectus and to act in such capacity in relation to this Prospectus. The report appearing in Appendix F of this Prospectus and the statements attributable to it appearing in the sections entitled “Summary – Our Business”, “Summary – Our Competitive Strengths”, “Summary – Our Strategies”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Overview”, “Business – Overview”, “Business – Our Competitive Strengths” and “Business – Our Strategies” of this Prospectus were prepared for the purpose of incorporation in this Prospectus.

No expert is employed on a contingent basis by our Company or our subsidiaries, or has a material interest, whether direct or indirect, in our Shares or the shares of our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Offering.

GENERAL AND STATUTORY INFORMATION

MATERIAL BACKGROUND INFORMATION

Save as discussed below, none of our Directors, Executive Officers or Controlling Shareholders as at the date of this Prospectus:

- (i) has, at any time during the last ten (10) years, had an application or a petition under any bankruptcy laws of any jurisdiction 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 two years from the date he ceased to be a partner;
- (ii) has, at any time during the last ten (10) years, had an application or a petition under any law of any jurisdiction 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 two 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;
- (iii) has any unsatisfied judgment against him;
- (iv) 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;
- (v) 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;
- (vi) has at any time during the last ten (10) years, had judgment 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 had 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;
- (vii) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
- (viii) 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;
- (ix) has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

GENERAL AND STATUTORY INFORMATION

- (x) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
- (aa) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
 - (bb) 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;
 - (cc) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
 - (dd) 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 the period when he was so concerned with the entity or business trust; or
- (xi) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

Disclosures relating to Peter Sim JS Sim, Lorencz Tay and Madeline Wan

Peter Sim is a director of the following entities and the respective dates in which he was appointed as a director of each entity are set out below:

Name of Entity	Position	Date of Appointment
Recruit Express	Director	22 February 1996
Recruit Express Services (Singapore)	Director	29 September 2004
RecruitFirst	Director	25 January 2013
HRnet One (Hong Kong)	Director	30 July 1996
HRnet One (Taiwan)	Director	20 November 1998
PeopleSearch (Taiwan)	Director	10 March 2000
Recruit Express (Taiwan)	Director	8 January 2001

JS Sim is a director and/or managing director of the following entities and the respective dates in which he was appointed as a director and/or managing director of each entity are set out below:

Name of Entity	Position	Date of Appointment
Recruit Express	Director	1 April 1999
Recruit Express	Managing Director	30 July 1999
Recruit Express Services (Singapore)	Director	29 September 2004
Recruit Express (Taiwan)	Director	8 January 2001

GENERAL AND STATUTORY INFORMATION

Lorencz Tay has been a director of HRnet One (Taiwan) since 20 November 1998, and has been the responsible person (负责人) of HRnet One (Taiwan) Branch since 17 March 1998. He has also been a director of PeopleSearch (Taiwan) since 10 March 2000.

Madeline Wan is responsible for the overall oversight of the management and operations of HRnet One (Taiwan), HRnet One (Taiwan) Branch and HRnet One (Hong Kong).

(1) Incidents of non-compliance involving Recruit Express

(i) Breach of Employment Act

- (A) In January 2010, Recruit Express was charged with four separate charges under the Employment Act for making a provision in the terms of the contract of service stipulating the length of notice to be given by the employer and the employee to the other party of his intention to terminate the contract of service, for which the length of the said notice for both the employer and employee was not the same.

The prosecutor proceeded with two charges ("**Proceeded Charges**") with the other two charges to be taken into consideration. On 2 March 2010, Recruit Express was sentenced to a fine of S\$500 on each of the two Proceeded Charges, which amounted to a total fine of S\$1,000. Recruit Express paid the fine in full immediately after the Court hearing on 2 March 2010.

Subsequently, the Ministry of Manpower ("**MOM**") issued a letter dated 9 March 2010 informing Recruit Express that the Controller of Work Passes was exercising his powers to debar Recruit Express from being issued new work passes or renewing existing work passes until 8 September 2010 ("**Debarment**"). Recruit Express appealed against the Debarment but was unsuccessful.

- (B) The MOM commenced its investigations into possible contraventions of the Employment Act by Recruit Express on 23 November 2015. In view of the on-going investigations, the MOM issued a letter dated 26 May 2016 informing that the Controller of Work Passes will not be processing applications for work passes from Recruit Express. An appeal was made by Recruit Express to the MOM against such suspension of work passes issuances on 8 June 2016 but the appeal was unsuccessful. Recruit Express was informed that MOM would only assess Recruit Express's eligibility to apply for new work passes upon the completion of the investigations but Recruit Express may renew its existing work passes, subject to MOM's existing criteria.

On 22 July 2016, the MOM informed Recruit Express that Recruit Express had violated the Employment Act for failing to provide its employees with paid annual leave and paid sick leave, and to reimburse its employees their medical consultation fees ("**22 July 2016 Letter**"). On 26 July 2016, the MOM informed Recruit Express that the Controller of Work Passes has decided to exercise his powers to debar Recruit Express from applying for or being issued with new work passes until 25 August 2016.

GENERAL AND STATUTORY INFORMATION

(ii) Infringement of Employment Licensing Condition of the Employment Agencies Act

The MOM issued Recruit Express an advisory letter dated 2 January 2014 after conducting investigations against Recruit Express for the infringement of the Employment Agency Licensing Condition 4(a) of the Employment Agencies Act, Chapter 92 of Singapore for failure to insert its employment agency licence number on all forms of advertisements of Recruit Express. Recruit Express was awarded one demerit point for such infringement.

(iii) Others

The MOM issued Recruit Express an advisory letter dated 28 February 2014 to remind Recruit Express to observe and comply with the provisions in the Employment Act, in particular provisions in relation to sick leave and annual leave and that the MOM may conduct an audit on Recruit Express to verify compliance.

The MOM issued Recruit Express an advisory letter dated 30 January 2015 after its investigation revealed that Recruit Express had acted in a manner that is detrimental to the interest of a candidate when the candidate was placed to one company but to be placed under the payroll of another company.

(2) Incidents of non-compliance involving Recruit Express Services (Singapore)

(i) Breach of Employment Act

The MOM commenced its investigations into possible contraventions of the Employment Act by Recruit Express Services (Singapore) on 16 May 2016 and issued a letter dated 23 May 2016 informing that the Controller of Work Passes will not be processing applications for work passes from Recruit Express Services (Singapore).

An appeal was made by Recruit Express to the MOM against such suspension of work passes issuances on 8 June 2016, but the appeal was unsuccessful. MOM informed Recruit Express that it would only assess the eligibility of Recruit Express and its subsidiary, Recruit Express Services (Singapore), to apply for new work passes upon the completion of the investigations but Recruit Express Services (Singapore) may renew its existing work passes, subject to MOM's existing criteria.

On 22 July 2016, the MOM informed Recruit Express Services (Singapore) that it had violated the Employment Act for failing to provide its employees with paid annual leave and paid sick leave, and to reimburse its employees their medical consultation fees ("**22 July 2016 RESS Letter**"). On 26 July 2016, the MOM informed Recruit Express Services (Singapore) that the Controller of Work Passes has decided to exercise his powers to debar Recruit Express Services (Singapore) from applying for or being issued new work passes until 19 August 2016.

(ii) Non-compliance with Tripartite Guidelines on Fair Employment Practices

Recruit Express Services (Singapore) had posted a recruitment advertisement stating "Malaysians also can" for the position of a welder ("**RESS Advertisement**"). On 10 May 2016, the MOM informed Recruit Express Services (Singapore), amongst others, that (i) the MOM and the Tripartite Alliance for Fair and Progressive Employment Practices ("**TAFEP**") considered the RESS Advertisement as being non-compliant with the

GENERAL AND STATUTORY INFORMATION

Tripartite Guidelines on Fair Employment Practices (“**Guidelines**”) which provided, amongst others, that “words and phrases that excludes Singaporeans or indicate preference for non-Singaporeans should not be used in job advertisements”; (ii) the application for new work passes by Recruit Express Services (Singapore) was to be suspended; (iii) Recruit Express Services (Singapore) was required to take certain remedial actions, including (A) to remove/amend the discriminatory advertisements (including any other discriminatory job advertisements that Recruit Express Services (Singapore) may have posted in all other channels) by the next day if it had not already done so; (B) to provide a written explanation to MOM as to why Recruit Express Services (Singapore) posted the advertisements, and why the MOM should not continue to debar Recruit Express Services (Singapore) from making applications of work passes by 17 May 2016; and (C) to provide a public apology (which was to contain certain prescribed information and to be put up for 30 calendar days) via a visible posting by 17 May 2016 on (I) website(s) which the discriminatory job advertisements were originally placed; and (II) company’s website (homepage), if applicable ((A), (B) and (C) collectively, the “**Remedial Actions**”) (“**10 May 2016 Email**”). Further to the 10 May 2016 Email, Recruit Express Services (Singapore) undertook all the Remedial Actions. On 17 June 2016, Recruit Express Services (Singapore) was informed that the suspension on the application of work passes was lifted and TAFEP issued a warning to Recruit Express Services (Singapore) to adhere to the Guidelines issued by TAFEP in its recruitment and employment practices, and to remove all other discriminatory job advertisements that may have already been posted in the various channels by the next day.

(3) Incident of non-compliance involving RecruitFirst

(i) Non-compliance with Tripartite Guidelines on Fair Employment Practices (the “**Guidelines**”)

RecruitFirst posted a recruitment advertisement which stated “More than 18 years old” for the position of light packers (“**RF Advertisement**”). On 18 October 2016, the TAFEP informed RecruitFirst that the RF Advertisement was considered to be non-adherent to the Guidelines, which provides that “words or phrases that suggest preference for job candidates of a particular age group should not be used” (“**18 October 2016 Email**”). The 18 October 2016 Email also provided, amongst others, that RecruitFirst was to remove/amend the RF Advertisement by the next day and any other discriminatory job advertisements that may have already been posted in the various channels, if it had not already been done.

Further to the 18 October 2016 Email, RecruitFirst removed the RF Advertisement and all other discriminatory job advertisements which had already been posted in various channels.

On 28 October 2016, TAFEP issued a warning to RecruitFirst to adhere to the Guidelines issued by TAFEP in its recruitment and employment practices, and to remove all other discriminatory job advertisements that may have already been posted in the various channels by the next day.

GENERAL AND STATUTORY INFORMATION

(4) Enquiry conducted on HRnet One (Hong Kong)

The Office for Personal Data Protection of Macau SAR (“**GPDP**”) issued HRnet One (Hong Kong) an enquiry letter dated 14 March 2016 in relation to an allegation of HRnet One (Hong Kong) using illegal means in obtaining the complainant’s personal information for the purpose of introducing employment opportunity to the complainant. HRnet One (Hong Kong) provided a response to GPDP on 11 July 2016, and HRnet One (Hong Kong) has yet to hear from GPDP since then.

(5) Non-compliance with licensing requirements by HRnet One (Taiwan) Branch

HRnet One (Taiwan) Branch was set up on 8 July 1998 with its principal activity inadvertently registered as “Intermediary Services (中介服务业)” as opposed to “manpower intermediary services (人力中介)”. On 8 December 2009 and 13 February 2012, HRnet One (Taiwan) Branch received penalty letters from the Ministry of Labour for operating without an employment agency licence in breach of the PESI Regulation and ESA respectively. As a consequence, HRnet One (Taiwan) Branch was fined TWD300,000 and TWD600,000 respectively, which it paid.

(6) Non-compliance with licensing requirements by PeopleSearch (Taiwan) Branch

PeopleSearch (Taiwan) Branch was set up on 25 May 2000 with its principal activity inadvertently registered as “Intermediary Services” (中介服务业) as opposed to “manpower intermediary services” (人力中介). On 30 October 2013, PeopleSearch (Taiwan) Branch received a penalty letter from the Ministry of Labour which stated, amongst others, that PeopleSearch (Taiwan) Branch was operating without a recruitment licence as at 6 September 2012 in breach of the ESA, and was fined TWD300,000 which PeopleSearch (Taiwan) Branch paid.

PeopleSearch (Taiwan) Branch’s application for the renewal of its Domestic Licence and International License on 8 December 2014 and 2 October 2015, respectively, were unsuccessful as the PESI Regulations disallow applications to be submitted by an applicant that had been penalised for a violation of the relevant regulations, for a period of two years from the date of the penalty. Following the expiry of such penalty period, PeopleSearch (Taiwan) Branch has applied for and obtained a Domestic Licence (which is valid till 11 November 2017) and the International Licence (which is valid till 22 February 2019.)

(7) Non-compliance with licensing requirements by Recruit Express (Taiwan) Branch

On 8 December 2009, Recruit Express (Taiwan) Branch was fined TWD300,000 by the Taipei City Government for operating without an employment agency licence in breach of the ESA which Recruit Express (Taiwan) Branch subsequently paid.

Recruit Express (Taiwan) Branch currently holds an Domestic Licence (which is valid till 17 December 2018) and an International Licence (which is valid till 3 December 2017).

GENERAL AND STATUTORY INFORMATION

(8) Violation of ESA by HRnet One (Taiwan) Branch

On 23 April 2011, HRnet One (Taiwan) Branch was penalised by the Taipei City Government for failing to notify the authority in writing of the termination of its employment relationship with an employee which constituted a violation of Article 56 of the ESA. HRnet One (Taiwan) Branch was imposed an administrative fine of TWD15,000 on 25 October 2013, which it paid.

As at the Latest Practicable Date, each of HRnet One (Taiwan), Recruit Express (Taiwan) Branch and PeopleSearch (Taiwan) Branch has obtained all material approvals and licences that are required for the conduct of its business and operations in Taiwan.

MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by our Group within the two years preceding the date of lodgment of this Prospectus and are or may be material:

- (a) the sale and purchase agreement between our Company, HRnet One, PIH and JS Sim dated 11 November 2016 (as described in the section entitled “Corporate Reorganisation and Corporate Structure – Corporate Reorganisation” of this Prospectus);
- (b) the SIMCO Note issued by SIMCO Ltd to HRnet One (as described in the section entitled “Corporate Reorganisation and Corporate Structure – Corporate Reorganisation” of this Prospectus);
- (c) the Listco Note issued by our Company to HRnet One (as described in the section entitled “Corporate Reorganisation and Corporate Structure – Corporate Reorganisation” of this Prospectus);
- (d) the assignment agreement between HRnet One and SIMCO Ltd dated 11 November 2016, pursuant to which HRnet One assigned, transferred and conveyed to SIMCO Ltd any and all of its right, title and interest in and to the Listco Note (as described in the section entitled “Corporate Reorganisation and Corporate Structure – Corporate Reorganisation” of this Prospectus);
- (e) sale and purchase agreement between our Company, PIH and JS Sim dated 11 November 2016 in relation to the sale of shares in HRnet One to our Company by PIH and JS Sim (as described in the section entitled “Corporate Reorganisation and Corporate Structure – Corporate Reorganisation” of this Prospectus);
- (f) investment agreement between our Company, Vanda 1 and SIMCO Ltd dated 21 October 2016 (as described in the section entitled “Corporate Reorganisation and Corporate Structure – Corporate Reorganisation” of this Prospectus);
- (g) the 88GLOW Co-Owners’ Letters between our Company, certain of our subsidiaries and each of the 88GLOW Co-Owners entered into on various dates, being 15 April 2017, 20 April 2017, 25 April 2017 and 19 May 2017, as the case may be, in relation to the 88GLOW Plan (as described in the section entitled “Corporate Reorganisation and Corporate Structure – Corporate Reorganisation” of this Prospectus), as amended, modified or supplemented from time to time;

GENERAL AND STATUTORY INFORMATION

- (h) Cornerstone Subscription Agreements relating to the subscription of the Cornerstone Shares by the Cornerstone Investors (as described in the section entitled “Share Capital and Shareholders – Information on the Cornerstone Investors”) of this Prospectus; and
- (i) Service Agreements (as described in the section entitled “Management and Corporate Governance – Service Agreements” of this Prospectus).

LEGAL AND ARBITRATION PROCEEDINGS

Due to the nature of our business, we may from time to time take legal actions against our customers to recover monies owed to us, or against our ex-employees or ex-Contractor Employees to recover monies owed to us or for breach of their contractual obligations such as obligations in relation to non-competition. Due to the nature of our business, we may also from time to time be subject to legal actions, complaints and claims made by our ex-employees or ex-Contractor Employees in relation to, for instance, salary in lieu of notice, short payment and non-payment of salary, dispute over notice period and other employment practices.

Nonetheless, to the best of our knowledge and belief, having made all reasonable enquiries, neither our Company nor any of our subsidiaries is engaged in any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months preceding the date of lodgment of this Prospectus, a material effect on the financial position or profitability of our Group.

MISCELLANEOUS

There has not been any public take-over offer by a third party in respect of our Shares, or by our Company in respect of another corporation or units of another business trust, which has occurred during the period between 1 January 2016 and the Latest Practicable Date.

Application monies received by our Company in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate non-interest bearing account with the Receiving Bank. In the ordinary course of business, the Receiving Bank will deploy these monies in the inter-bank money market. All profits derived from the deployment of such monies will accrue to the Receiving Bank. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.

Save as disclosed in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Prospectus, our Directors are not aware of any event which has occurred since the end of the period covered by the most recent financial statements included in this Prospectus to the Latest Practicable Date which may have a material effect on the financial position and results of our Group.

None of Allen & Gledhill LLP, King & Wood Mallesons, TMI Associates, Deheng Shanghai Law Office, Tsar & Tsai Law Firm and Allen & Overy LLP make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and each of them makes no representation, express or implied, regarding, and to the extent permitted by law takes no responsibility for, any statement in or omission from this Prospectus.

GENERAL AND STATUTORY INFORMATION

CONSENTS

Deutsche Bank AG, Singapore Branch, named as the Sole Issue Manager and one of the Joint Global Coordinators and the Joint Bookrunners and Underwriters, has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its name and references thereto in the form and context in which it is included in this Prospectus and to act in such capacity in relation to this Prospectus.

Credit Suisse (Singapore) Limited, named as one of the Joint Global Coordinators and the Joint Bookrunners and Underwriters, has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its name and references thereto in the form and context in which it is included in this Prospectus and to act in such capacity in relation to this Prospectus.

Each of DBS Bank Ltd. and Nomura Singapore Limited, named as one of the Joint Bookrunners and Underwriters, has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its name and references thereto in the form and context in which it is included in this Prospectus and to act in such capacity in relation to this Prospectus.

RESPONSIBILITY STATEMENT

Our Directors collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Offering, our Company and its subsidiaries, and our Directors are not aware of any facts the omission of which would make any statement in this Prospectus misleading.

Where information in this Prospectus has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Prospectus in its proper form and context.

DOCUMENTS AVAILABLE FOR INSPECTION

The following documents may be inspected at our registered office at 391A Orchard Road #23-06 Ngee Ann City Tower A Singapore 238873 during normal business hours for a period of six months from the date of registration of this Prospectus:

- (a) the Constitution of our Company;
- (b) the report titled “Independent Auditor’s Report and the Combined Financial Statements For The Financial Years Ended 31 December 2014, 2015 and 2016” as set out in Appendix A of this Prospectus;
- (c) the respective audited financial statements (including all notes, reports or information relating thereto which are required to be prepared under the Companies Act, where applicable) of our Company and our subsidiaries, where applicable, for FY2014, FY2015 and FY2016;

GENERAL AND STATUTORY INFORMATION

- (d) the material contracts referred to in the section entitled “General and Statutory Information – Material Contracts” of this Prospectus;
- (e) the Independent Market Research Report as set out in Appendix F of this Prospectus; and
- (f) the letters of consent referred to in the sections entitled “Independent Auditor and Expert” and “General and Statutory Information – Consents” of this Prospectus.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

**INDEPENDENT AUDITOR’S REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR
THE FINANCIAL YEARS ENDED DECEMBER 31, 2014, 2015 AND 2016**

June 8, 2017

The Board of Directors
HRnetGroup Limited
391A Orchard Road
#23-06 Ngee Ann City Tower A
Singapore 238873

Dear Sirs

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of HRnetGroup Limited (the “Company”) and its subsidiaries (the “Group”), which comprise the combined statements of financial position of the Group as at December 31, 2014, 2015 and 2016 and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the respective years ended December 31, 2014, 2015 and 2016 (the “Relevant Periods”), and a summary of significant accounting policies and other explanatory information, as set out on pages A-4 to A-53.

In our opinion, the combined financial statements of the Group are properly drawn up in accordance with the Financial Reporting Standards in Singapore (“FRSs”) so as to give a true and fair view of the financial position of the Group as at December 31, 2014, 2015 and 2016 and the financial performance, changes in equity and cash flows of the Group for the Relevant Periods.

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 Combined Financial Statements* section of our report. We are independent of the Group in accordance with the *Accounting and Corporate Regulatory Authority (“ACRA”) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (“ACRA Code”)* together with the ethical requirements that are relevant to our audit of the combined 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.

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

INDEPENDENT AUDITOR’S REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2014, 2015 AND 2016

Responsibilities of Management and Directors for the Combined Financial Statements

Management is responsible for the preparation of the combined financial statements that give a true and fair view in accordance with the FRSs, 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 combined financial statements and to maintain accountability of assets.

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

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

Auditor’s Responsibility for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

**INDEPENDENT AUDITOR’S REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR
THE FINANCIAL YEARS ENDED DECEMBER 31, 2014, 2015 AND 2016**

- (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 combined 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 combined financial statements, including the disclosures, and whether the combined 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 and business activities within the Group to express an opinion on the combined 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.

Restriction on Distribution and Use

This report has been prepared solely to you for inclusion in the Prospectus in connection with the proposed listing of HRnetGroup Limited on the Main Board of Singapore Exchange Securities Trading Limited and for no other purpose.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Seah Gek Choo
Partner

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF FINANCIAL POSITION

As at December 31, 2014, 2015 and 2016

	Note	2016	2015	2014
		\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash and cash equivalents	6	106,092	120,803	123,574
Trade receivables	7	65,848	61,055	60,654
Other receivables and prepayments	8	4,185	3,872	3,755
Marketable securities	9	598	2,368	1,672
Total current assets		176,723	188,098	189,655
Non-current assets				
Pledged fixed deposits	6	140	243	242
Plant and equipment	10	725	825	1,103
Intangible assets	11	230	187	208
Deferred tax asset	12	441	465	437
Total non-current assets		1,536	1,720	1,990
Total assets		178,259	189,818	191,645
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	13	5,698	5,260	4,741
Other payables and accruals	14	63,098	41,963	36,390
Income tax payable		12,249	6,271	5,741
Total current liabilities		81,045	53,494	46,872
Non-current liability				
Deferred tax liability	12	9	9	4
Capital and reserves				
Share capital	15	48,524	3,550	3,550
Equity reserve	16	(25,476)	(143)	(143)
Translation reserve		(2,298)	(2,833)	(3,398)
Retained earnings		63,151	117,090	126,132
Equity attributable to owners of the Company		83,901	117,664	126,141
Non-controlling interests		13,304	18,651	18,628
Total equity		97,205	136,315	144,769
Total equity and liabilities		178,259	189,818	191,645

See accompanying notes to combined financial statements.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Years ended December 31, 2014, 2015 and 2016

	Note	2016	2015	2014
		\$'000	\$'000	\$'000
Revenue	17	365,043	356,014	324,452
Sub-contractor expenses		(232,266)	(224,818)	(195,836)
Gross profit		132,777	131,196	128,616
Other income	18	12,072	10,167	5,019
Other employee benefit expenses		(67,592)	(71,130)	(69,349)
Facilities and depreciation expenses		(10,535)	(10,719)	(10,857)
Selling expenses		(3,879)	(4,084)	(3,858)
Other expenses		(3,556)	(3,317)	(3,656)
Profit before income tax		59,287	52,113	45,915
Income tax expense	19	(10,853)	(8,767)	(7,949)
Profit for the year	20	48,434	43,346	37,966
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations		183	694	816
Other comprehensive income for the year, net of tax		183	694	816
Total comprehensive income for the year		48,617	44,040	38,782
Profit attributable to:				
Owners of the Company		41,085	38,183	33,351
Non-controlling interests		7,349	5,163	4,615
		48,434	43,346	37,966
Total comprehensive income attributable to:				
Owners of the Company		41,257	38,748	33,383
Non-controlling interests		7,360	5,292	5,399
		48,617	44,040	38,782
Basic earnings per share (cents)	21	5.35	4.97	4.34
Diluted earnings per share (cents)	21	5.35	4.97	4.34

See accompanying notes to combined financial statements.

**APPENDIX A – INDEPENDENT AUDITOR'S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CHANGES IN EQUITY
Years ended December 31, 2014, 2015 and 2016

	Share capital	Equity reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non- controlling interests	Total equity
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at January 1, 2014	3,550	(143)	(3,430)	112,181	112,158	15,525	127,683
<i>Total comprehensive income for the year</i>							
Profit for the year	–	–	–	33,351	33,351	4,615	37,966
Other comprehensive income for the year	–	–	32	–	32	784	816
Total	–	–	32	33,351	33,383	5,399	38,782
<i>Transactions with owners, recognised directly in equity</i>							
Dividends	–	–	–	(19,400)	(19,400)	–	(19,400)
Dividends to non-controlling shareholders	–	–	–	–	–	(2,493)	(2,493)
Changes in ownership interests in subsidiaries	–	–	–	–	–	197	197
Total	–	–	–	(19,400)	(19,400)	(2,296)	(21,696)
Balance as at December 31, 2014	3,550	(143)	(3,398)	126,132	126,141	18,628	144,769

**APPENDIX A – INDEPENDENT AUDITOR'S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CHANGES IN EQUITY
Years ended December 31, 2014, 2015 and 2016

	Note	Share capital	Equity reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non- controlling interests	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at January 1, 2015		3,550	(143)	(3,398)	126,132	126,141	18,628	144,769
<i>Total comprehensive income for the year</i>								
Profit for the year		–	–	–	38,183	38,183	5,163	43,346
Other comprehensive income for the year		–	–	565	–	565	129	694
Total		–	–	565	38,183	38,748	5,292	44,040
<i>Transactions with owners, recognised directly in equity</i>								
Dividends		–	–	–	(47,225)	(47,225)	–	(47,225)
Dividends to non-controlling shareholders		–	–	–	–	–	(4,703)	(4,703)
Changes in ownership interests in subsidiaries		–	–	–	–	–	(566)	(566)
Total		–	–	–	(47,225)	(47,225)	(5,269)	(52,494)
Balance as at December 31, 2015		3,550	(143)	(2,833)	117,090	117,664	18,651	136,315

**APPENDIX A – INDEPENDENT AUDITOR'S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

**COMBINED STATEMENTS OF CHANGES IN EQUITY
Years ended December 31, 2014, 2015 and 2016**

	Note	Share capital	Equity reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at January 1, 2016		3,550	(143)	(2,833)	117,090	117,664	18,651	136,315
<i>Total comprehensive income for the year</i>								
Profit for the year		–	–	–	41,085	41,085	7,349	48,434
Other comprehensive income for the year		–	–	172	–	172	11	183
Total		–	–	172	41,085	41,257	7,360	48,617
<i>Transactions with owners, recognised directly in equity</i>								
Dividends		–	–	–	(95,431)	(95,431)	–	(95,431)
Dividends paid to non-controlling shareholders		–	–	–	–	–	(12,835)	(12,835)
Changes in ownership interests in subsidiaries		–	–	–	407	407	191	598
Adjustment arising from Restructuring Exercise	1	(3,550)	(25,333)	–	–	(28,883)	–	(28,883)
Disposal of a subsidiary			–	363	–	363	(63)	300
Issuance of shares	15	48,524	–	–	–	48,524	–	48,524
Total		44,974	(25,333)	363	(95,024)	(75,020)	(12,707)	(87,727)
Balance as at December 31, 2016		48,524	(25,476)	(2,298)	63,151	83,901	13,304	97,205

See accompanying notes to combined financial statements.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CASH FLOWS

Years ended December 31, 2014, 2015 and 2016

	Note	2016	2015	2014
		\$'000	\$'000	\$'000
Operating activities				
Profit before income tax		59,287	52,113	45,915
Adjustments for:				
Depreciation of plant and equipment		720	1,088	1,358
Amortisation of intangible assets		102	216	152
Interest income		(564)	(693)	(542)
Dividend income		(46)	(41)	(41)
Gain on disposal of marketable securities		(69)	(339)	(27)
Gain on disposal of plant and equipment		(21)	(1)	–
Loss on disposal of a subsidiary		321	–	–
Loss (Gain) on revaluation of marketable securities		151	(549)	324
Allowance for (Reversal of) doubtful receivables		84	69	(98)
Operating cash flows before movements in working capital		59,965	51,863	47,041
Trade receivables		(4,886)	(470)	(6,181)
Other receivables and prepayments		(101)	(117)	420
Trade payables		430	519	551
Other payables and accruals		2,294	5,327	4,932
Cash generated from operations		57,702	57,122	46,763
Interest received		564	693	542
Income tax paid		(4,834)	(8,255)	(7,113)
Net cash from operating activities		53,432	49,560	40,192
Investing activities				
Disposal of a subsidiary (Note A)		(158)	–	–
Dividend received		46	41	41
Purchase of plant and equipment and intangible assets		(765)	(1,003)	(654)
Proceeds from disposal of plant and equipment		21	2	3
Purchase of marketable securities		(432)	(1,043)	(1,156)
Proceeds from sale of marketable securities		2,120	1,235	203
Net cash from (used in) investing activities		832	(768)	(1,563)

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CASH FLOWS

Years ended December 31, 2014, 2015 and 2016

	Note	2016 \$'000	2015 \$'000	2014 \$'000
Financing activities				
Dividends paid to non-controlling shareholders		(11,317)	(4,636)	(2,493)
Dividends paid (Note C)		(73,525)	(47,225)	(19,400)
Proceeds from (Placement of) pledged deposits		103	(1)	(1)
Acquisition of non-controlling interests in subsidiaries		(5)	(660)	(38)
Capital contribution by non-controlling shareholders in subsidiaries		257	–	329
Proceeds on issue of shares (Note B)		15,000	–	–
Net cash used in financing activities		(69,487)	(52,522)	(21,603)
Net (decrease) increase in cash and cash equivalents		(15,223)	(3,730)	17,026
Cash and cash equivalents at beginning of the year		120,803	123,574	106,330
Effect of foreign exchange rate changes		512	959	218
Cash and cash equivalents at end of the year	6	106,092	120,803	123,574

Non-Cash Transactions

Note A: During the financial year ended December 31, 2016, the Group disposed its subsidiary, HONET Consulting Sdn Bhd, to a third party. The net cash outflows arising on disposal is as follows:

	\$'000
Sales consideration	112
Deferred consideration	(112)
Cash consideration received	–
Cash and cash equivalents disposed of	158
Net cash outflows arising from disposal	158

Note B: As part of the Restructuring Exercise [Note 1 (iv) and (v)], the Company acquired Recruit Express Pte. Ltd. and HRnet One Pte. Ltd. for a total consideration of \$33,524,000 which was fully satisfied by the allotment and issuance of shares in the capital of the Company.

Note C: HRnet One Pte. Ltd. sold its shares in Recruit Express Pte. Ltd. to the Company for a consideration of \$4,883,000 [Note 1 (iv)]. The consideration receivable from the Company was assigned to SIMCO Ltd. HRnet One Pte. Ltd. declared dividend of \$4,883,000 to the former shareholders. The former shareholders then settled the consideration on behalf of SIMCO Ltd by offsetting the dividend payable with the consideration receivable.

See accompanying notes to combined financial statements.

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

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 a subsidiary of SIMCO Ltd, incorporated in the British Virgin Islands, which is also the Company’s ultimate holding company. The combined financial statements are expressed in Singapore dollars.

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

The principal activities of the subsidiaries are disclosed below.

Pursuant to the Group restructuring (the “Restructuring Exercise”) to rationalise the structure of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) in preparation of the proposed listing of the Company on the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Company underwent a Restructuring Exercise involving the following:

(i) Incorporation of the Company

The Company was incorporated on September 21, 2016 in Singapore in accordance with the Singapore Companies Act as a private company limited by shares with an issued and paid-up share capital of \$3 comprising three shares.

(ii) Sale of shares in the Company to SIMCO Ltd by former shareholders

On October 9, 2016, the former shareholders collectively sold the three shares representing the entire issued and paid-up share capital of the Company to SIMCO Ltd, for a total cash consideration of \$3.

(iii) Investment by Vanda 1 Investments Pte. Ltd. (“Vanda 1”)

Pursuant to an investment agreement dated October 21, 2016 entered into by the Company, SIMCO Ltd and Vanda 1, the Company issued an aggregate of 17,734,671 ordinary shares representing 2.31% of the then-prevailing issued share capital of the Company for cash consideration of aggregate sum of \$15,000,000.

(iv) Acquisition of Recruit Express Pte. Ltd. (“RES”)

On November 11, 2016, the Company acquired 1,850,000 ordinary shares representing 92.5% of the issued and paid-up share capital of RES from the former shareholders of RES for a consideration of \$30,111,000. The purchase consideration was satisfied by the allotment and issue of an aggregate of 564,404,430 shares in the capital of the Company to SIMCO Ltd at an issue price of \$0.044698 per share, credited as fully paid-up and the issue of a promissory note for the amount of approximately \$4,883,000 owing by the Company to HRnet One Pte. Ltd. (the “Listco Note”).

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

1 GENERAL (cont’d)

Pursuant to an assignment dated November 11, 2016 entered into between HRnet One Pte. Ltd. (“HRS”) and SIMCO Ltd, HRS assigned, transferred and conveyed to SIMCO Ltd any and all of its right, title and interest in and to the Listco Note. In exchange for the assignment of the Listco Note, SIMCO Ltd issued to HRS a promissory note dated November 11, 2016 in the principal amount of approximately \$4,883,000 (the “SIMCO Note”).

On November 11, 2016, the Company issued 109,239,567 shares at an issue price of \$0.044698 for each share to SIMCO Ltd to settle its Listco Note. On November 11, 2016, the former shareholders on behalf of SIMCO Ltd, paid approximately \$4,883,000 to HRS to settle the SIMCO Note.

(v) Acquisition of HRS

On November 11, 2016, the Company acquired 2,000,000 ordinary shares representing 100% of the issued and paid-up share capital of HRS from the former shareholders of HRS for a consideration of \$3,413,000. The purchase consideration was fully satisfied by the allotment and issue of an aggregate of 76,356,000 shares in the capital of the Company to SIMCO Ltd.

Upon completion of the Restructuring Exercise, details of the Company’s subsidiaries are as follows:

Name of subsidiary	Country of incorporation (or residence)	Principal activity	Effective proportion of economic interest			Effective proportion of voting interest		
			2016	2015	2014	2016	2015	2014
			%	%	%	%	%	%
HRnet One Pte Ltd (“HRS”)	Singapore	Personnel recruitment and provision of human resources related services	100	100	100	100	100	100
Recruit Express Pte Ltd (“RES”)	Singapore	Personnel recruitment and provision of human resources related services	92.5	92.5	92.5	92.5	92.5	92.5
<u>Held by HRS</u>								
PeopleSearch Pte. Ltd.	Singapore	Employment, recruitment and personnel placement agency	85	85	85	85	85	85

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

1 GENERAL (cont’d)

Name of subsidiary	Country of incorporation (or residence)	Principal activity	Effective proportion of economic interest			Effective proportion of voting interest		
			2016	2015	2014	2016	2015	2014
			%	%	%	%	%	%
RecruitFirst Pte. Ltd.	Singapore	Employment, recruitment and personnel placement agency	65	65	65	65	65	65
HRnet Performance Consulting Pte Ltd ⁽¹⁾	Singapore	Management consultant and adviser	100	100	100	100	100	100
HRnet One (Taiwan) Pte Ltd	Singapore/ Taiwan	Head office of enterprises operating abroad as employment, recruitment and personnel placement agency	54	54	54	54	54	54
PeopleSearch (Taiwan) Pte. Ltd.	Singapore/ Taiwan	Head office of enterprises operating abroad as employment, recruitment and personnel placement agency	60	60	60	60	60	60
HRnet One Limited	Hong Kong	Executive search and personnel placement agency services	100	100	100	100	100	100
RecruitFirst Limited	Hong Kong	Dormant	75	–	–	75	–	–
HOSB Consulting Sdn. Bhd. (formerly known as HSB Performance Consulting Sdn. Bhd. and HRnet One Sdn. Bhd.)	Malaysia	Dormant	100	100	100	100	100	100
HONET Consulting Sdn. Bhd. (formerly known as HRnet One Consulting Sdn. Bhd.) ⁽²⁾	Malaysia	Management consulting and advisory service	–	87.5	75	–	87.5	75
HRnet One (Malaysia) Sdn. Bhd. (formerly known as HRnet Performance Consulting Sdn. Bhd.)	Malaysia	Management training consulting and recruitment activities	80	90	90	80	90	90

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

1 GENERAL (cont’d)

Name of subsidiary	Country of incorporation (or residence)	Principal activity	Effective proportion of economic interest			Effective proportion of voting interest		
			2016	2015	2014	2016	2015	2014
			%	%	%	%	%	%
PeopleFirst Consulting Sdn. Bhd.	Malaysia	Personnel recruitment agency	79	71	54	79	71	54
HRnet Consulting Ltd.	Thailand	Investment holding and management consultancy	100	100	100	82.8	82.8	82.8
HRnet One K.K.	Japan	Personnel recruitment and provision of human resources related services	63.8	63.6	63.6	63.8	63.6	63.6
HRnet One Inc.	Korea	Personnel recruitment and provision of human resources related services	75	75	75	75	75	75
<u>Held by PeopleSearch Pte. Ltd.</u>								
PeopleSearch Limited	Hong Kong	Executive search and personnel placement agency	76.5	76.5	76.5	76.5	76.5	76.5
YesPay! Pte. Ltd. ⁽¹⁾ (formerly known as HireRight Pte. Ltd.)	Singapore	Employment, recruitment and personnel placement agency	85	85	85	85	85	85
PeopleSearch K.K.	Japan	Personnel recruitment and provision of human resources related services	85	74	74	85	74	74
<u>Held by HRnet One Limited</u>								
HRnet One (Beijing) Limited	People’s Republic of China (“PRC”)	Personnel recruitment and provision of human resources related services	80	80	80	100	100	100
PeopleSearch (Shanghai) Limited	PRC	Personnel recruitment and provision of human resources related services	76.5	76.5	76.5	100	100	100

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

1 GENERAL (cont’d)

Name of subsidiary	Country of incorporation (or residence)	Principal activity	Effective proportion of economic interest			Effective proportion of voting interest		
			2016	2015	2014	2016	2015	2014
			%	%	%	%	%	%
HRnet One (Shanghai) Limited	PRC	Personnel recruitment and provision of human resources related services	75	75	75	100	100	100
HRnet One (Guangzhou) Limited	PRC	Personnel recruitment and provision of human resources related services	70	70	70	100	100	100
HRSH SPV Limited <u>Held by HRnet Consulting Ltd.</u>	Hong Kong	Investment holding	75	75	75	75	75	75
HRnet One Executive Recruitment (Thailand) Ltd. <u>Held by PeopleSearch (Taiwan) Pte. Ltd.</u>	Thailand	Executive and management recruitment	90	90	90	81.2	81.2	81.2
PeopleSearch Consulting Pte. Ltd. <u>Held by HRnet One (Taiwan) Pte Ltd</u>	Taiwan	Dormant	60	60	60	60	60	60
HRnet Consulting (Taiwan) Pte. Ltd. <u>Held by RES</u>	Taiwan	Dormant	54	54	54	54	54	54
Recruit Express Services Pte. Ltd.	Singapore	Employment, recruitment and personnel placement agency	92.5	92.5	92.5	92.5	92.5	92.5
SearchAsia Consulting Pte. Ltd.	Singapore	Employment, recruitment and personnel placement agency	92.5	92.5	92.5	92.5	92.5	92.5
Recruit Express (Australia) Pte. Ltd.	Singapore	Investment holding	92.5	92.5	92.5	92.5	92.5	92.5
Recruit Express (Taiwan) Pte Ltd	Singapore/ Taiwan	Head office of enterprises operating abroad as employment, recruitment and personnel placement agency	83.3	83.3	83.3	83.3	83.3	83.3

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

1 GENERAL (cont’d)

Name of subsidiary	Country of incorporation (or residence)	Principal activity	Effective proportion of economic interest			Effective proportion of voting interest		
			2016	2015	2014	2016	2015	2014
			%	%	%	%	%	%
Recruit Express (Hong Kong) Limited	Hong Kong	Provision of recruitment agency services	92.5	92.5	92.5	92.5	92.5	92.5
Agensi Pekerjaan Recruit Express Sdn. Bhd.	Malaysia	Provision of permanent recruitment and staffing services	77.1	77.1	77.1	77.1	77.1	77.1
Recruit Express Services Sdn. Bhd.	Malaysia	Provision of temporary and contracted staffing services	77.1	77.1	77.1	77.1	77.1	77.1
Recruit Legal Pte. Ltd.	Singapore	Dormant	92.5	–	–	92.5	–	–
Held by Recruit Express (Australia) Pte. Ltd.								
Recruit Express (Australia) Pty Limited	Australia	Dormant	92.5	92.5	92.5	92.5	92.5	92.5
Held by Recruit Express (Hong Kong) Limited								
SearchAsia Limited	Hong Kong	Dormant	92.5	92.5	92.5	92.5	92.5	92.5
Recruit Legal Limited	Hong Kong	Dormant	92.5	92.5	92.5	92.5	92.5	92.5

(1) In the process of voluntary liquidation.

(2) HONET Consulting Sdn Bhd was disposed during the financial year ended December 31, 2016.

Basis of preparation of the combined financial statements

The Group resulting from the above Restructuring Exercise is regarded as a continuing entity throughout the years ended December 31, 2014, 2015 and 2016 (the “Relevant Periods”) as the Group is ultimately controlled by the common shareholders who collectively have the power to govern its financial and operating policies so as to obtain benefits from its activities both before and after the Restructuring Exercise.

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

1 GENERAL (cont’d)

Accordingly, although the Company is only incorporated on September 21, 2016, the combined financial statements of the Group for the Relevant Periods have been prepared using the principles of merger accounting on the basis that the Restructuring Exercise transfers the equity interest in the combining entities under the common control to the Company has been affected as at beginning of the Relevant Periods presented in the combined financial statements.

The combined financial statements of the Group for the Relevant Periods were authorised for issue by the Board of Directors on June 8, 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The combined financial statements are 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 Financial Reporting Standards (“FRS”).

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 combined financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases* and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont’d)

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 – The Group has adopted all the new and revised FRSs that are effective from that date and are relevant to its operations since the beginning of the Relevant Periods. The adoption of these new/revised FRSs does not result in changes to the Group’s accounting policies and has no material effect on the amounts reported for the Relevant Periods.

At the date of authorisation of these combined financial statements, the following FRSs and amendments to FRS that are relevant to the Group were issued but not effective:

- FRS 109 *Financial Instruments*²
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)*²
- FRS 116 *Leases*³
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*¹
- Amendments to FRS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*¹

¹ Applies to annual periods beginning on or after January 1, 2017, with early application permitted.

² Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

³ Applies to annual periods beginning on or after January 1, 2019, with early application permitted if FRS 115 is adopted.

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont’d)

Management anticipates that the adoption of the above FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption except for the following:

FRS 109 *Financial instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (“FVTOCI”). All other debt instruments and equity investments are measured at fair value through profit or loss (“FVTPL”) at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.
- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Group is currently conducting the potential financial impact of FRS 109 in the period of initial adoption. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the combined financial statements in the period of initial application as management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 109.

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont’d)

FRS 115 Revenue from Contracts with Customers

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

In June 2016, amendments to FRS 115 was issued to provide clarifications on (i) identifying performance obligations (ii) principal versus agent considerations and (iii) licensing application guidance. The amendments also included two additional transition reliefs on contract modifications and completed contracts.

The Group is currently conducting the potential financial impact of FRS 115 in the period of initial adoption. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the combined financial statements in the period of initial application as management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 115.

FRS 116 Leases

FRS 116 was issued in June 2016 and it will supersede FRS 17 *Leases* and its associated interpretative guidance.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont’d)

The standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

The Group is currently conducting the potential financial impact of FRS 116 in the period of initial adoption. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the combined financial statements in the period of initial application as management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 116.

BASIS OF COMBINATION – The Group resulting from the Restructuring Exercise as disclosed in Note 1, is one involving entities under common control. Accordingly, the combined financial statements incorporating the financial statements of the Company and entities controlled by the Company (its subsidiaries) have been prepared using the principles of merger accounting where the financial statement items of the merged entities for the reporting periods in which the common control combination occurs are included in the combined financial statements of the Group as if the combination had occurred from the date when the merged entities first came under the control of the same shareholders. Any difference between purchase consideration and net assets transferred is recognised as an adjustment to equity via equity reserve and attributed to owners of the Company.

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.

All significant intercompany transactions and balances between the entities in the Group are eliminated on combination.

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.

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont’d)

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 combined 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.

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont’d)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). 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 FRS 39, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instruments, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Marketable securities

Marketable securities are classified as FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont’d)

- On initial recognition, it is part of an identified portfolio of financial statements that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in ‘other income’ line in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 4.

Loans and receivables

Trade and other receivables that have fixed or determinable payments and are not quoted in an active market are classified as “loans and receivables”. Loans and receivables are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont’d)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through the profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. 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 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 proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into 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 recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis, except for short-term payables when the recognition of interest would be immaterial.

Derecognition of financial liabilities

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

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont’d)

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

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

Furniture and fittings	–	2 to 3 years
Office equipment	–	2 to 3 years
Renovation	–	1 to 3 years
Computers	–	1 to 3 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 combined financial statements.

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

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
Franchise license	–	7 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.

IMPAIRMENT OF NON-FINANCIAL ASSETS – 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.

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont’d)

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.

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

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

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

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

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

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

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont’d)

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.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable.

Rendering of services

Revenue from professional recruitment, which is based on a percentage of the candidate’s remuneration package, is recognised upon successful placement of the candidate for a permanent position with the client.

Revenue from flexible staffing, which represents amounts billed for the services of flexible staff (including the payroll cost of these staff), is recognised at the time the contractor employee provides services to the corporate customer.

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

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders’ rights to receive payment have been established.

GOVERNMENT GRANTS – Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. 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.

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.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont’d)

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 statement of 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.

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited outside profit or loss (either in other comprehensive income or directly in equity), in which case the deferred tax is also dealt with outside profit or loss (either in other comprehensive income or directly in equity).

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.

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont’d)

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).

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 combined financial statements of the Group are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the combined 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 combined financial statements, the assets and liabilities of the Group’s foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing on the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the Group’s translation reserve.

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

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont’d)

On combination, 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.

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

Key sources of estimation uncertainty

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

Allowance for bad and doubtful receivables

The policy for allowance for bad and doubtful receivables of the Group is based on the evaluation of collectability and aging analysis of accounts and on management’s judgement. A considerable amount of estimation is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of trade and other receivables are disclosed in Notes 7 and 8 to the combined financial statements respectively.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

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:

	2016	2015	2014
	\$'000	\$'000	\$'000
Financial assets			
Marketable securities	598	2,368	1,672
Loans and receivables (including cash and cash equivalents)	175,266	185,071	187,328
	<u>175,864</u>	<u>187,439</u>	<u>189,000</u>
Financial liabilities			
Amortised cost	<u>67,959</u>	<u>46,472</u>	<u>40,649</u>

(b) Financial risk management policies and objectives

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

(i) Foreign exchange risk management

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

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

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

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

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

	Assets			Liabilities		
	2016	2015	2014	2016	2015	2014
	\$’000	\$’000	\$’000	\$’000	\$’000	\$’000
United States dollar	2,754	2,869	2,913	82	–	–
Singapore dollar	4,387	9,819	8,430	–	–	15
Japanese yen	597	1,172	157	–	–	–
Chinese renminbi	68	53	2,393	–	–	–
Australian dollar	1,519	1,020	1,057	–	–	–

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

Foreign currency sensitivity analysis

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

	2016	2015	2014
	\$’000	\$’000	\$’000
United States dollar	267	287	291
Singapore dollar	439	982	842
Japanese yen	60	117	16
Chinese renminbi	7	5	239
Australian dollar	152	102	106

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

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

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

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

(ii) Interest rate risk management

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

(iii) Equity price risk management

The Group is exposed to equity risk arising from equity investments classified as marketable securities. Marketable securities are held for trading purposes and the market value of these investments will fluctuate with market conditions.

Further details of these marketable securities can be found in Note 9 to the combined financial statements.

(iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with reputable counterparties and obtaining sufficient collateral where appropriate, as a mean of mitigating the risk of financial loss from defaults. The Group’s exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities or if they operate within the same industry. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the Relevant Periods.

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

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

The carrying amount of financial assets recorded in the combined financial statements, grossed up for any allowances for losses represents the Group’s maximum exposure to credit risk without taking into account of the value of any collateral obtained.

Further details of credit risks on trade and other receivables are disclosed in Notes 7 and 8 to the combined financial statements.

(v) Liquidity risk management

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

All financial assets and liabilities as at December 31, 2014, 2015 and 2016 are interest-free, except for the fixed deposits as disclosed in Note 6, and are repayable on demand or due within 1 year from the end of the reporting period.

(vi) Fair value of financial assets and financial liabilities

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. The fair value of the marketable securities is determined by reference to their published market bid price in an active market at the end of the reporting period and are classified as Level 1. There were no transfer between the levels during the Relevant Periods.

(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 during the Relevant Periods.

5 RELATED PARTY TRANSACTIONS

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

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

5 RELATED PARTY TRANSACTIONS (cont’d)

Significant related party transactions, other than those disclosed elsewhere in the combined financial statements, are as follows:

	2016	2015	2014
	\$'000	\$'000	\$'000
Management fee expense	640	1,019	1,017

Compensation of directors and key management personnel

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

	2016	2015	2014
	\$'000	\$'000	\$'000
Short-term benefits	7,335	7,313	7,059
Post-retirement benefits	167	130	120
	7,502	7,443	7,179

6 CASH AND CASH EQUIVALENTS AND PLEDGED FIXED DEPOSITS

	2016	2015	2014
	\$'000	\$'000	\$'000
Cash and bank balances	90,603	81,288	72,370
Fixed deposits	10,867	37,284	50,756
Restricted cash	4,622	2,231	448
Cash and cash equivalents per combined statements of cash flows	106,092	120,803	123,574
Pledged fixed deposits	140	243	242

Fixed deposits bore interest at rates ranging from 0.08% to 3.0% (2015: 0.08% to 3.2%; 2014: 0.08% to 4.0%) per annum and for a tenure of 1 to 36 months (2015: 1 to 36 months; 2014: 1 to 36 months).

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

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

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

7 TRADE RECEIVABLES

	2016	2015	2014
	\$'000	\$'000	\$'000
Outside parties	65,914	61,086	60,791
Less: Allowance for doubtful receivables	(66)	(31)	(137)
	<u>65,848</u>	<u>61,055</u>	<u>60,654</u>

The average credit period for the rendering of services is 7 to 60 days (2015: 7 to 60 days; 2014: 7 to 60 days). No interest is charged on overdue trade receivables.

Trade receivables are provided for based on estimated irrecoverable amounts from the services rendered to customers, determined by reference to past default experience. There was no significant change in credit quality for the Group’s trade receivables balance which are not past due and not impaired.

Included in the Group’s trade receivables balance are debtors with a carrying amount of \$28,136,000 (2015: \$26,795,000; 2014: \$27,281,000) respectively which are past due at the end of the reporting period for which the Group has not provided for impairment as there has not been a significant change in credit quality and the amounts are still considered recoverable.

The table below is an analysis of trade receivables as at the end of the reporting period:

	2016	2015	2014
	\$'000	\$'000	\$'000
<u>Aging profile of trade receivables that are past due but not impaired</u>			
Less than 30 days	19,663	18,459	18,034
31 to 60 days	6,300	6,046	7,195
61 to 90 days	1,678	1,647	1,571
More than 90 days	495	643	481
	<u>28,136</u>	<u>26,795</u>	<u>27,281</u>

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

7 TRADE RECEIVABLES (cont’d)

Movements in the allowance for doubtful receivables are as follows:

	2016	2015	2014
	\$’000	\$’000	\$’000
Balance at beginning of the year	31	137	343
Allowance (Reversal of) during the year	84	69	(98)
Write-off during the year	(49)	(175)	(108)
Balance at end of the year	<u>66</u>	<u>31</u>	<u>137</u>

8 OTHER RECEIVABLES AND PREPAYMENTS

	2016	2015	2014
	\$’000	\$’000	\$’000
Deposits	2,697	2,552	2,479
Prepayments	999	902	897
Others	489	418	379
	<u>4,185</u>	<u>3,872</u>	<u>3,755</u>

9 MARKETABLE SECURITIES

	2016	2015	2014
	\$’000	\$’000	\$’000
Quoted equity shares, at fair value	<u>598</u>	<u>2,368</u>	<u>1,672</u>

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

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

10 PLANT AND EQUIPMENT

	Furniture and fittings	Office equipment	Renovation	Computers	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:					
At January 1, 2014	672	743	7,558	3,183	12,156
Additions	13	91	140	410	654
Exchange realignment	(5)	2	(65)	(1)	(69)
Disposals	(1)	(20)	(72)	(99)	(192)
At December 31, 2014	679	816	7,561	3,493	12,549
Additions	29	41	368	365	803
Exchange realignment	(1)	(6)	96	22	111
Disposals	(2)	(28)	(99)	(160)	(289)
At December 31, 2015	705	823	7,926	3,720	13,174
Additions	7	26	253	334	620
Exchange realignment	2	5	54	21	82
Disposals	(52)	(14)	(26)	(67)	(159)
At December 31, 2016	662	840	8,207	4,008	13,717
Accumulated depreciation:					
At January 1, 2014	(544)	(636)	(6,290)	(2,864)	(10,334)
Depreciation for the year	(68)	(81)	(745)	(464)	(1,358)
Exchange realignment	4	(1)	53	1	57
Eliminated on disposals	2	17	72	98	189
At December 31, 2014	(606)	(701)	(6,910)	(3,229)	(11,446)
Depreciation for the year	(46)	(79)	(542)	(421)	(1,088)
Exchange realignment	(1)	8	(91)	(19)	(103)
Eliminated on disposals	1	28	98	161	288
At December 31, 2015	(652)	(744)	(7,445)	(3,508)	(12,349)
Depreciation for the year	(31)	(55)	(332)	(302)	(720)
Exchange realignment	(2)	(4)	(54)	(22)	(82)
Eliminated on disposals	52	14	26	67	159
At December 31, 2016	(633)	(789)	(7,805)	(3,765)	(12,992)
Carrying amount:					
At December 31, 2014	73	115	651	264	1,103
At December 31, 2015	53	79	481	212	825
At December 31, 2016	29	51	402	243	725

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

11 INTANGIBLE ASSETS

	Computer software	Franchise license	Total
	\$'000	\$'000	\$'000
Cost:			
At January 1, 2014	1,132	90	1,222
Exchange realignment	–	(2)	(2)
At December 31, 2014	1,132	88	1,220
Additions	200	–	200
Exchange realignment	–	(12)	(12)
At December 31, 2015	1,332	76	1,408
Additions	145	–	145
Exchange realignment	–	(1)	(1)
At December 31, 2016	1,477	75	1,552
Accumulated amortisation:			
At January 1, 2014	(823)	(39)	(862)
Amortisation for the year	(139)	(13)	(152)
Exchange realignment	–	2	2
At December 31, 2014	(962)	(50)	(1,012)
Amortisation for the year	(204)	(12)	(216)
Exchange realignment	–	7	7
At December 31, 2015	(1,166)	(55)	(1,221)
Amortisation for the year	(92)	(10)	(102)
Exchange realignment	–	1	1
At December 31, 2016	(1,258)	(64)	(1,322)
Carrying amount:			
At December 31, 2014	170	38	208
At December 31, 2015	166	21	187
At December 31, 2016	219	11	230

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

12 DEFERRED TAX ASSET (LIABILITY)

	2016	2015	2014
	\$'000	\$'000	\$'000
Deferred tax asset	441	465	437
Deferred tax liability	(9)	(9)	(4)

The following are the major deferred tax asset (liability) recognised by the Group, and the movements thereon, during the Relevant Periods:

	Accelerated depreciation	Other temporary differences	Total
	\$'000	\$'000	\$'000
At January 1, 2014	392	46	438
Exchange realignment	1	–	1
Credit (Charge) to profit or loss for the year (Note 19)	5	(11)	(6)
At December 31, 2014	398	35	433
Exchange realignment	3	2	5
Credit to profit or loss for the year (Note 19)	8	10	18
At December 31, 2015	409	47	456
Exchange realignment	–	2	2
Charge to profit or loss for the year (Note 19)	–	(26)	(26)
At December 31, 2016	409	23	432

13 TRADE PAYABLES

The average credit period on purchases is 30 days (2015: 30 days; 2014: 30 days). No interest is charged on the overdue outstanding balances.

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

14 OTHER PAYABLES AND ACCRUALS

	2016	2015	2014
	\$'000	\$'000	\$'000
Accrued operating expenses	39,031	38,914	35,460
Deposits from customers	4,622	2,231	448
Advanced billings	837	751	482
Dividends payable	18,608	67	–
	<u>63,098</u>	<u>41,963</u>	<u>36,390</u>

15 SHARE CAPITAL

The Company is incorporated on September 21, 2016. Accordingly, the share capital in the statement of financial position of the Group as at December 31, 2014 and 2015 represented the aggregate amounts of Group's share of the share capital of the subsidiaries comprising HRS and RES.

Ordinary shares	Number of shares	Issued and paid up
	'000	\$'000
Issued and paid up:		
At September 21, 2016 (date of incorporation)	*	*
Issue of shares	767,735	48,524
At December 31, 2016	<u>767,735</u>	<u>48,524</u>

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

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

16 EQUITY RESERVE

Equity reserves represent the difference between purchase consideration and net assets transferred for business combination involving entities under common control.

17 REVENUE

This represents revenue from services rendered for flexible staffing and professional recruitment.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

18 OTHER INCOME

	2016	2015	2014
	\$'000	\$'000	\$'000
Interest income	564	693	542
Dividend income	46	41	41
Gain on disposal of marketable securities	69	339	27
(Loss) Gain on revaluation of marketable securities	(151)	549	(324)
Government grants/subsidies and rebates	11,385	8,076	4,352
Others	159	469	381
	<u>12,072</u>	<u>10,167</u>	<u>5,019</u>

19 INCOME TAX EXPENSE

	2016	2015	2014
	\$'000	\$'000	\$'000
Current tax	10,361	9,066	7,907
Under (Over) provision of current tax in prior year	328	(396)	(46)
Deferred tax	26	(18)	6
Withholding tax	138	115	82
	<u>10,853</u>	<u>8,767</u>	<u>7,949</u>

Domestic income tax is calculated at 17% (2015 and 2014: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	2016	2015	2014
	\$'000	\$'000	\$'000
Profit before income tax	59,287	52,113	45,915
Income tax expense at statutory tax rate	10,079	8,859	7,806
Non-deductible (taxable) items	277	(281)	(38)
Tax rate differentials between Singapore and foreign countries	523	366	386
Under (Over) provision of tax in prior year	328	(396)	(46)
Effect of tax exemption and rebate	(286)	(270)	(280)
Withholding tax	138	115	82
Others	(206)	374	39
	<u>10,853</u>	<u>8,767</u>	<u>7,949</u>

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

20 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2016	2015	2014
	\$'000	\$'000	\$'000
Defined contribution plans ⁽¹⁾	35,253	33,512	28,256
Allowance (Reversal of) for doubtful receivables	84	69	(98)
Loss on disposal of a subsidiary	321	–	–
Depreciation of plant and equipment	720	1,088	1,358
Amortisation of intangible assets	102	216	152

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

21 EARNINGS PER SHARE

Earnings per share for the Relevant Periods have been calculated based on the profit for the year attributable to owners of the Company of \$41,085,000 (2015: \$38,183,000; 2014: \$33,351,000) and pre-invitation shares of 767,735,000.

The fully diluted earnings per share and basic earnings per share are the same because there is no dilutive share.

22 DIVIDENDS

2016

- HRS declared interim dividends of \$21.365 per share (total of \$42,731,000).
- RES declared interim dividends of \$34 per share (total of \$57,800,000).

2015

- HRS declared interim dividends of \$7.725 per share (total of \$15,450,000).
- RES declared interim dividends of \$20.50 per share (total of \$34,850,000).

2014

- HRS declared interim dividends of \$3.50 per share (total of \$7,000,000).
- RES declared interim dividends of \$8.00 per share (total of \$13,600,000).

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

23 OPERATING LEASE ARRANGEMENTS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Payment recognised as an expense during the year:			
Minimum lease payments under operating leases	<u>8,415</u>	<u>8,185</u>	<u>8,226</u>

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Within one year	7,555	7,321	7,559
In the second to fifth years inclusive	<u>7,046</u>	<u>6,087</u>	<u>7,950</u>

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of five years and rentals are fixed for an average of three years.

24 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 FRS 108 *Operating segments* as follows:

- (i) Professional recruitment
- (ii) Flexible staffing
- (iii) Others

The accounting policies of the reportable segments are the same as the Group’s accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of other income, other employee benefit expenses, facilities and depreciation expenses, selling expenses and other expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

24 SEGMENT INFORMATION (cont’d)

Information regarding the operations of each reportable segment is included below.

Segment revenue and results

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

	Revenue		
	2016	2015	2014
	\$’000	\$’000	\$’000
Professional recruitment	87,493	86,393	85,829
Flexible staffing	274,458	267,413	236,361
Others	3,092	2,208	2,262
	<u>365,043</u>	<u>356,014</u>	<u>324,452</u>
	Profit before tax		
	2016	2015	2014
	\$’000	\$’000	\$’000
Professional recruitment	87,345	86,114	85,607
Flexible staffing	42,655	43,173	41,084
Others	2,777	1,909	1,925
Gross profit	132,777	131,196	128,616
Other income	12,072	10,167	5,019
Other employee benefit expenses	(67,592)	(71,130)	(69,349)
Facilities and depreciation expenses	(10,535)	(10,719)	(10,857)
Selling expenses	(3,879)	(4,084)	(3,858)
Other expenses	(3,556)	(3,317)	(3,656)
Profit before income tax	<u>59,287</u>	<u>52,113</u>	<u>45,915</u>

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

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

24 SEGMENT INFORMATION (cont’d)

Geographical segment revenue and results

	Revenue		
	2016	2015	2014
	\$'000	\$'000	\$'000
Singapore	275,902	272,566	246,469
North Asia	81,291	75,002	68,049
Rest of Asia	7,850	8,446	9,934
	<u>365,043</u>	<u>356,014</u>	<u>324,452</u>
	Profit before tax		
	2016	2015	2014
	\$'000	\$'000	\$'000
Singapore	76,335	77,322	76,530
North Asia	51,561	48,256	45,563
Rest of Asia	4,881	5,618	6,523
Gross profit	132,777	131,196	128,616
Other income	12,072	10,167	5,019
Other employee benefit expenses	(67,592)	(71,130)	(69,349)
Facilities and depreciation expenses	(10,535)	(10,719)	(10,857)
Selling expenses	(3,879)	(4,084)	(3,858)
Other expenses	(3,556)	(3,317)	(3,656)
Profit before income tax	<u>59,287</u>	<u>52,113</u>	<u>45,915</u>

Geographical segment assets

	2016	2015	2014
	\$'000	\$'000	\$'000
Singapore	122,709	129,813	129,584
North Asia	52,287	54,005	55,041
Rest of Asia	3,263	6,000	7,020
	<u>178,259</u>	<u>189,818</u>	<u>191,645</u>

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

24 SEGMENT INFORMATION (cont’d)

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision makers monitor the tangible, intangible and financial assets attributable to each segment.

Liabilities are not allocated as they are not monitored by the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

Information about major customers

No single customer accounted for more than 10% of the Group’s total revenue during the Relevant Periods. The top ten customers represents 20% (2015: 19%; 2014: 17%) of the Group’s total revenue.

25 IFRS CONVERGENCE IN 2018

Singapore-incorporated companies listed on the SGX-ST will be required to apply new Singapore financial reporting framework that is identical to the International Financial Reporting Standards (“IFRS”) for annual periods beginning on or after January 1, 2018. Upon listing, the Group will be adopting the new framework for the first time for financial year ending December 31, 2018, with retrospective application to the comparative financial year ending December 31, 2017 and the opening statement of financial position as at January 1, 2017 (date of transition). Management is currently performing a detailed analysis of the transition options and other requirement of IFRS 1, including financial effects on transition to the new framework.

26 EVENTS AFTER THE REPORTING PERIOD

(A) Dividends

On January 2, 2017, in connection with the financial year ended December 31, 2016, the Company declared interim dividends of approximately \$1.9 million (\$0.0025 per share), of which approximately S\$0.9 million were paid in May 2017 with the remainder expected to be paid by July 2017, to its registered shareholders, except for Vanda 1.

On March 31, 2017, in connection with the financial year ended December 31, 2016, the Company declared interim dividends of approximately \$1.9 million (\$0.0025 per share) which shall be paid on October 31, 2017 to its registered shareholders, except for Vanda 1.

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

26 EVENTS AFTER THE REPORTING PERIOD (cont’d)

(B) 88GLOW Plan

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

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

In the initial phase of the acquisition (“Initial Acquisition”), the minority interests held by the 88GLOW Co-Owners who are NOP (i.e. persons who are not involved in the day-to-day operations of the relevant subsidiaries) will be acquired entirely, while only 20% of the minority interests held by the 88GLOW Co-Owners who are OPs (i.e. persons who are involved in the day-to-day operations of the relevant subsidiaries or branches) will be acquired, with the exception of two OPs who will not participate in the Initial Acquisition but who will provide a right of first refusal over 100% of their minority interests. The remaining 80% of the minority interests held by the OPs which will be participating in the Initial Acquisition will be subject to a similar right of first refusal. The right of first refusal gives the Company the right of first refusal over the remaining minority interest and the OPs may at its discretion offer the balance shares to the Company at cumulative blocks stipulated in the 88GLOW Co-Owners’ Letter.

The Initial Acquisition will take place on or as soon as practicable after the date of the listing, and the issue of the shares in consideration thereof will take place upon the successful transfer of the relevant minority interests to the Group. The consideration is calculated based on a formulae detailed in the 88GLOW Co-Owners’ Letter and it will be satisfied through the issue of shares of the Company at the offer price at listing.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

26 EVENTS AFTER THE REPORTING PERIOD (cont’d)

The following table sets out the minority interests to be acquired under the Initial Acquisition:

Subsidiary	Non controlling interests (“NCI”) held by the 88GLOW CO-Owners before Initial Acquisition	NCI held by the 88GLOW CO-Owners after Initial Acquisition
Recruit Express. Pte. Ltd.	7.50%	–
Agensi Pekerjaan Recruit Express Sdn. Bhd.	16.67% of ordinary shares and 16.67% of preference shares	16.67% of ordinary shares and 13.33% of preference shares
Recruit Express Services Sdn. Bhd.	16.67%	13.33%
Recruit Express (Taiwan) Pte. Ltd.	10%	8.00%
HRnet One (Beijing) Limited	20.00%	8.00%
HRnet One (Guangzhou) Limited	30.00%	24.00%
HRnet One K.K.	36.21%	14.42%
HRnet One (Malaysia) Sdn. Bhd.	51.00% ordinary shares and 20.00% preference shares	51.00% ordinary shares and 16.00% preference shares
HRSH SPV Limited	25.00%	20.00%
HRnet One (Shanghai) Limited	25.00%	20.00%
HRnet One (Taiwan) Pte. Ltd.	46.00%	16.00%
PeopleFirst Consulting Sdn. Bhd.	51.00% ordinary shares and 21.00% preference shares	51.00% ordinary shares and 16.80% preference shares
PeopleSearch Pte. Ltd.	15.00%	12.00%
PeopleSearch Limited	23.50%	18.80%
PeopleSearch K.K.	15.00%	12.00%
PeopleSearch (Shanghai) Limited	23.50%	18.80%
PeopleSearch (Taiwan) Pte. Ltd.	40.00%	32.00%
RecruitFirst Pte. Ltd.	35.00%	10.00%

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

26 EVENTS AFTER THE REPORTING PERIOD (cont’d)

(C) 123GROW Plan

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

Opp 1 Plan is a scheme to utilise the accumulated loyalty fund credits from the Loyalty Fund Scheme (“Loyalty Fund Credits”). The Loyalty Fund Scheme was a loyalty incentive scheme for employees set up by the Group from 2000 to 2015 which was essentially a cash bonus entitlement given to eligible employees. As at December 31, 2016, the Loyalty Fund Credits amounted to \$7.24 million which is accounted for as “Other Payables and Accruals”.

Employees who are eligible to participate in the Opp 1 Plan (the “Opp 1 Participants”) will be offered an opportunity to subscribe for new shares at the offering price per share (“Opp 1 Investment Shares”) to be satisfied in cash. Participation in the Opp 1 Plan will require a subscription to be made. The amount of the subscription that may be made (the “Opp1 Investment Amount”) is subject to a minimum of one month’s basic salary and the maximum of two, four or six months’ basic salary depending on his employee job grade (“Salary Cap”). The Opp 1 Investment Amount cannot exceed the amount of outstanding Loyalty Fund Credits that the employee holds. An amount of the Opp 1 Participant’s outstanding Loyalty Fund Credits equivalent in value to his Opp 1 Investment Shares, will be released and applied towards a further subscription for additional new shares of the Company (the “Opp 1 Loyalty Shares”). The Opp 1 Investment Shares and Opp 1 Loyalty Shares will be issued and credited as fully paid on or as soon as practicable after the date of the listing. In addition, the Company will grant share awards for additional new shares equivalent to in number to the Opp 1 Investment Shares (the “Opp 1 Bonus Shares”) to the Opp 1 Participant that will be allotted and issued to them in 3 equal tranches over a period of 3 years. For the Opp 1 Bonus Shares, there are vesting conditions to be met every year. The vesting conditions comprise being a productive headcount (“PHC”) which is to achieve 3 times of their payroll costs for sales personnel and 80% of their key performance indicators for non-sales personnel set for the relevant financial year and remaining in employment. The entitlement for the allotment and issue of the Opp 1 Bonus Shares in each year is not cumulative towards the following year if the condition is not met in that year. The maximum financial impact of the Opp 1 Plan would be accounted for as a charge of \$4.898 million to profit or loss over the vesting period of three years, assuming all Opp 1 Investment Shares offered are subscribed in full and all Opp 1 Participants satisfy the vesting conditions throughout the entire three-year vesting period.

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

26 EVENTS AFTER THE REPORTING PERIOD (cont’d)

Opp 2 Plan is a scheme which caters mainly for employees who have recently joined the Group and are not entitled to participate in Opp 1 Plan. No further employees will be invited to participate in the Opp 2 Plan after listing. Employees will be invited to participate in the Opp 2 Plan if management of the Company, at their discretion, believe that they can contribute to the Group in a manner similar to employees who are eligible to participate in the Opp 1 Plan. In addition, Opp 1 Participants who have insufficient Loyalty Fund Credits to maximise their Salary Cap will be eligible to participate in the Opp 2 Plan. An employee who is eligible to participate in Opp 2 Plan (“Opp 2 Participant”) will be offered an opportunity to subscribe for new shares at the offering price per share (“Opp 2 Investment shares”) to be satisfied by cash. Participation in the Opp 2 Plan will require a subscription to be made. The amount of the subscription that may be made (the “Opp 2 Investment Amount”) is subject to a minimum of one month’s basic salary and shall not exceed his Salary Cap. In the case where employees are eligible for Opp 1 Plan and Opp 2 Plan, the aggregate of his Opp 1 and Opp 2 Investment Amounts shall not exceed the Salary Cap.

Additionally, the eligible employee may also be offered the opportunity to subscribe additional new shares based on the number of Opp 2 Investment shares subscribed (“Opp 2 Buy-in Shares”). This can be paid up by cash or through the utilisation of Loyalty Fund Credits. The Company will then grant share awards for additional new shares (“Opp 2 Bonus Shares”) equivalent in number to 50% of the aggregate of the Opp 2 Investment Shares and the Opp 2 Buy-in Shares, for the benefit of the Opp 2 Participants and it will be allotted and issued to the relevant Opp 2 Participants in 3 equal tranches over a period of 3 years. The Opp 2 Bonus Shares is subjected to the same vesting conditions as Opp 1 Bonus Shares. Similarly, the entitlement for the allotment and issue of the Opp 2 Bonus Shares in each year is not cumulative towards the following year if the condition is not met in that year. The maximum financial impact of the Opp 2 Plan would be accounted for as a charge of \$1.284 million to profit or loss over the vesting period of three years commencing on the date of the grant, assuming all Opp 2 Investment Shares and Opp 2 Buy-in Shares offered are subscribed for in full and all Opp 2 Participants satisfy the vesting conditions throughout the entire three-year vesting period.

HRnet GROW Plan is an award following the listing and it shall be given to employees at the absolute discretion of the Administration Committee. The award will be granted on a matching basis to eligible employees who subscribe for shares (“GROW Investment Shares”). The matching ratio will be determined by the Administration Committee in its sole discretion and may vary between grants.

(D) Ultimate holding company

On April 6, 2017, the ultimate holding company has changed from SIMCO Ltd to SIMCO Global Ltd, a company incorporated in the Bahamas.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016**

HRNETGROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2014, 2015 and 2016

26 EVENTS AFTER THE REPORTING PERIOD (cont’d)

(E) Conversion of the Company to a public company

At an extraordinary general meeting held on May 16, 2017, the shareholders approved, *inter alia*, the following:

- (a) the conversion of the Company into a public company limited by shares and the consequential change of name to “HRnetGroup Limited”; and
- (b) the adoption of a new constitution contingent upon the conversion of the Company into a public company.

This page has been intentionally left blank.

APPENDIX B – SUMMARY OF OUR CONSTITUTION

The discussion below provides information about certain provisions of our Constitution and the laws of Singapore. This description is only a summary and is qualified by reference to Singapore law and our Constitution.

The instrument that constitutes and defines our Company is the Constitution of our Company.

The following summarises certain articles of our Constitution relating to:

- (i) power of a Director to vote on a proposal, arrangement or contract in which he is interested:

Article 105

A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any personal material interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

- (ii) the remuneration of our Directors:

Article 82

The ordinary remuneration of the Directors shall from time to time be determined by an Ordinary Resolution of the Company, shall not be increased except pursuant to an Ordinary Resolution passed at a General Meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office.

Article 83

- (A) *Any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine.*
- (B) *The remuneration (including any remuneration under article 83(A) above) in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or a percentage of turnover.*

Article 85

The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

APPENDIX B – SUMMARY OF OUR CONSTITUTION

Article 86

A Director may be party to or in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor of the Company or any subsidiary thereof) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for the Company or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.

Article 91

The remuneration of a Chief Executive Officer (or person holding an equivalent position) shall from time to time be fixed by the Directors and may subject to this Constitution be by way of salary or commission or participation in profits or by any or all these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.

Article 101(D)

An Alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as Alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his principal as such principal may by notice in writing to the Company from time to time direct.

- (iii) the borrowing powers exercisable by our Directors:

Article 112

Subject as hereinafter provided and to the provisions of the Statutes, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

- (iv) the retirement or non-retirement of a Director under an age limit requirement:

There are no specific provisions in our Constitution relating to the retirement or non-retirement of a Director under an age limit requirement.

- (v) the shareholding qualification of a Director:

Article 81

A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at General Meetings.

APPENDIX B – SUMMARY OF OUR CONSTITUTION

- (vi) the rights, preferences and restrictions attaching to each class of shares:

Article 54

Any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by 21 days' notice in writing at the least and an Annual General Meeting and any other Extraordinary General Meeting by 14 days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereinafter mentioned to all members other than such as are not under the provisions of this Constitution and the Act entitled to receive such notices from the Company; Provided always that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:

- (a) in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and*
- (b) in the case of an Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. of the total voting rights of all the members having a right to vote at that meeting,*

Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. So long as the shares in the Company are listed on any Stock Exchange, at least 14 days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to the Stock Exchange.

Article 68

Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to article 13(C), each member entitled to vote may vote in person or by proxy. Every member who is present in person or by proxy shall:

- (a) on a poll, have one vote for every share which he holds or represents; and*
- (b) on a show of hands, have one vote, Provided always that:*
 - (i) in the case of a member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and*
 - (ii) in the case of a member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.*

For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company.

APPENDIX B – SUMMARY OF OUR CONSTITUTION

Article 126

Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:

- (a) all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*
- (b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.*

For the purposes of this article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

Article 150

If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the Liquidator may, with the authority of a Special Resolution, divide among the members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The Liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the Liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

- (vii) any change in capital:*

Article 7

Subject to the Statutes and this Constitution, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to article 11, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, Provided always that:

- (a) (subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of article 11(A) with such adaptations as are necessary shall apply; and*

APPENDIX B – SUMMARY OF OUR CONSTITUTION

- (b) *any other issue of shares, the aggregate of which would exceed the limits referred to in article 11(B), shall be subject to the approval of the Company in General Meeting.*

Article 11

- (A) *Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules of the Stock Exchange, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this article 11(A).*
- (B) *Notwithstanding article 11(A), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:*
- (a) (i) *issue shares of the Company ("shares") whether by way of rights, bonus or otherwise; and/or*
- (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; and*
- (b) *(notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,*

Provided always that:

- (1) *the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Stock Exchange;*
- (2) *in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the listing rules of the Stock Exchange for the time being in force (unless such compliance is waived by the Stock Exchange) and this Constitution; and*

APPENDIX B – SUMMARY OF OUR CONSTITUTION

- (3) *(unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Statutes (whichever is the earliest).*
- (C) *Except so far as otherwise provided by the conditions of issue or by this Constitution, all new shares shall be subject to the provisions of the Statutes and of this Constitution with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.*

Article 12

- (A) *The Company may by Ordinary Resolution:*
- (a) *consolidate and divide all or any of its shares;*
 - (b) *subdivide its shares, or any of them (subject, nevertheless, to the provisions of the Statutes and this Constitution), and so that the resolution whereby any share is subdivided may determine that, as between the holders of the shares resulting from such subdivision, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares; and*
 - (c) *subject to the provisions of the Statutes, convert its share capital or any class of shares from one currency to another currency.*
- (B) *The Company may by Special Resolution, subject to and in accordance with the Statutes, convert one class of shares into another class of shares.*

Articles 13(A) and (B)

- (A) *The Company may reduce its share capital or any undistributable reserve in any manner and with and subject to any incident authorised and consent required by law.*
- (B) *The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share which is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to this Constitution, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.*

APPENDIX B – SUMMARY OF OUR CONSTITUTION

- (viii) any change in the respective rights of the various classes of shares including the action necessary to change the rights, indicating where the conditions are different from those required by the applicable law:

Article 9

Whenever the share capital of the Company is divided into different classes of shares, subject to the provisions of the Statutes, preference capital, other than redeemable preference capital, may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up. To every such separate General Meeting all the provisions of this Constitution relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-quarters of the issued shares of the class concerned within two months of such General Meeting shall be as valid and effectual as a Special Resolution carried at such General Meeting. The foregoing provisions of this article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

Article 10

The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.

- (ix) any dividend restriction, the date on which the entitlement to dividends arises, any procedure for our Shareholders to claim dividends, any time limit after which a dividend entitlement will lapse and an indication of the party in whose favour this entitlement then operates:

Article 124

The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.

Article 125

If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

APPENDIX B – SUMMARY OF OUR CONSTITUTION

Article 126

Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:

- (a) all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*
- (b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.*

For the purposes of this article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

Article 127

No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.

Article 131

The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or any such moneys unclaimed after a period of six years from the date they are first payable shall be forfeited and shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years has elapsed from the date such dividend or other moneys are first payable.

Article 134

Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

APPENDIX B – SUMMARY OF OUR CONSTITUTION

Article 137

Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

This page has been intentionally left blank.

APPENDIX C – DESCRIPTION OF OUR SHARES

The following statements are brief summaries of the rights and privileges of shareholders conferred by the laws of Singapore and our Constitution. These statements summarise the material provisions of our Constitution but are qualified in entirety by reference to our Constitution and the Laws of Singapore. See “Appendix B – Summary of Our Constitution”.

Shares

Our Shares, which have identical rights in all respects, rank equally with one another. Our Constitution provides that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges or conditions as our Board may think fit, and may issue preference shares which are, or at our option are, redeemable, subject to certain limitations.

All of our Shares are in registered form. We may, subject to the provisions of the Companies Act and the rules of the SGX-ST, purchase our own Shares. However, we may not, except in the circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

New Shares

We may only issue new Shares with the prior approval of our Shareholders in a general meeting.

Shareholders

We only recognise the persons who are registered in our register of members and, in cases in which the person so registered is CDP or its nominee, as the case may be, we recognise the persons named as the Depositors in the Depository Register maintained by CDP for our Shares as holders of our Shares.

We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any of our Shares, or any interest in any fractional part of a Share, or other rights in respect of any Share, other than the absolute right thereto of the person whose name is entered in our register of members as the registered holder thereof, or of the person whose name is entered in the Depository Register maintained by CDP for that Share.

We may close our register of members at any time or times if we provide the SGX-ST with at least five clear Market Days’ notice, or such other periods as may be prescribed by the SGX-ST. However, our register of members may not be closed for more than 30 days in aggregate in any calendar year. We typically close our register of members to determine Shareholders’ entitlement to receive dividends and other distributions.

Transfer of Shares

There is no restriction on the transfer of fully paid-up Shares except where required by law or the listing rules of, or bye-laws and rules, governing any securities exchange upon which our Shares are listed or as provided in our Constitution. Our Board may in their discretion decline to register any transfer of Shares on which we have a lien and in the case of Shares not fully paid-up may refuse to register a transfer to a transferee of whom they do not approve. A Shareholder may transfer any Shares registered in its own name by means of a duly signed instrument of transfer in a form approved by any securities exchange upon which our Shares are listed or in any other form acceptable to our Directors. Our Board may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together

APPENDIX C – DESCRIPTION OF OUR SHARES

with the share certificate and such other evidence of title as they may require. A Shareholder may transfer any Shares held through the SGX-ST book-entry settlement system by way of a book-entry transfer without the need for any instrument of transfer.

We will replace lost or destroyed certificates for Shares provided that the applicant pays a fee which will not exceed S\$2.00, and furnishes such evidence and a letter of indemnity as our Board may require.

General Meetings of our Shareholders

We are required to hold a general meeting of Shareholders every year and not more than 15 months after the holding of the last preceding annual general meeting. Our Board may convene an extraordinary general meeting whenever they think fit and it must do so upon the written request of Shareholders holding not less than 10.0% of the total number of paid-up Shares as carries the right to vote at general meetings (disregarding paid-up Shares held as treasury shares). In addition, two or more Shareholders holding not less than 10.0% of our total number of issued Shares may call a meeting of our Shareholders.

Unless otherwise required by law or by our Constitution, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including:

- voluntary winding-up;
- amendments to our Constitution;
- a change of our corporate name; and
- a reduction in the share capital.

We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. For so long as our Shares are listed on the SGX-ST, at least 14 days' notice of any general meeting shall be given in writing to the SGX-ST and by advertisement in the daily press.

The notice must be given to every Shareholder who has supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A Shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy need not be a Shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register maintained by CDP 72 hours before the general meeting.

APPENDIX C – DESCRIPTION OF OUR SHARES

Except as otherwise provided in our Constitution, two or more Shareholders must be present in person or by proxy or attorney to constitute a quorum at any general meeting. Under our Constitution:

- on a show of hands, every Shareholder present in person or by proxy shall have one vote, provided that:
 - o in the case of a Shareholder who is not a relevant intermediary (as defined below) and who is represented by two proxies, only one of the two proxies as determined by that Shareholder or, failing such determination, by the chairman of the meeting (or by a person authorised by the chairman of the meeting) in his sole discretion shall be entitled to vote on a show of hands); and
 - o in the case of a Shareholder who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands; and
- on a poll, every Shareholder present in person or by proxy shall have one vote for each Share which he holds or represents.

The following types of members (“**relevant intermediaries**” and each a “**relevant intermediary**”) are allowed to appoint more than two proxies: (i) a licensed bank or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity; (ii) a capital markets services licence holder which provides custodial services for securities and holds shares in that capacity; and (iii) the Central Provident Fund (“**CPF**”) Board, in respect of shares purchased on behalf of CPF members.

The Listing Manual requires all resolutions at general meeting to be voted by poll. In addition, a poll may be demanded in certain circumstances, including:

- by the chairman of the meeting;
- by not less than two Shareholders present in person or by proxy and entitled to vote at the meeting;
- by any Shareholder present in person or by proxy and representing not less than five per cent. of the total voting rights of all Shareholders having the right to vote at the meeting; and
- by any Shareholder present in person or by proxy and holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than five per cent. of the total sum paid up on all the shares conferring that right.

In the case of a tie vote, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a casting vote.

Limitations on Rights to Hold Shares

Singapore law and our Constitution do not impose any limitations on the right of non-resident or foreign Shareholders to hold or exercise voting rights attached to our Shares.

APPENDIX C – DESCRIPTION OF OUR SHARES

Dividends

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board. Our Board may also declare an interim dividend without the approval of our Shareholders.

We must pay all dividends out of our profit(s) available for distribution.

All dividends we pay are *pro rata* in amount to our Shareholders in proportion to the amount paid up or credited as paid on each Shareholder's Shares, unless the rights attaching to an issue of any share or class of shares provide otherwise.

Unless otherwise directed, dividends may be paid by a cheque or warrant sent through the post to each Shareholder at his registered address appearing in our register of members or (as the case may be) the Depository Register. However, our payment to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

Bonus and Rights Issue

Our Board may, with the approval from our Shareholders at a general meeting, capitalise any sums standing to the credit of any of our Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit or loss account and distribute the same as bonus Shares credited as paid-up to the Shareholders in proportion to their shareholdings.

Our Board may also issue bonus Shares to participants of any share incentive or option scheme or plan implemented by our Company and approved by our Shareholders in such manner and on such terms as our Board shall think fit.

Our Board may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any securities exchange upon which our Shares are listed.

Take-overs

The Take-over Code, the Companies Act and the Securities and Futures Act regulate, among other things, the acquisition of ordinary shares of public companies incorporated in Singapore. Any person acquiring an interest, whether by a series of transactions over a period of time or not, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting Shares in our Company or, if such person holds, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of the voting Shares in our Company, and if he (or parties acting in concert with him) acquires additional voting Shares representing more than 1.0% of our voting Shares in any six-month period, must, except with the consent of the SIC, extend a mandatory take-over offer for the remaining voting Shares in accordance with the provisions of the Take-over Code.

APPENDIX C – DESCRIPTION OF OUR SHARES

“Parties acting in concert” comprise individuals or companies who, pursuant to an arrangement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other. They include:

- a company and its related companies, the associated companies of any of the company and its related companies, companies whose associated companies include any of these companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;
- a company and its directors (together with their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);
- a company and its pension funds and employee share schemes;
- a person and any investment company, unit trust or other fund whose investment such person manages on a discretionary basis but only in respect of the investment account which such person manages;
- a financial or other professional adviser, including a stockbroker, and its clients in respect of shares held by the adviser and persons controlling, controlled by or under the same control as the adviser and all the funds managed by the adviser on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10.0% or more of the client’s equity share capital;
- directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for the company may be imminent;
- partners; and
- an individual and his close relatives, related trusts, any person who is accustomed to act in accordance with his instructions and companies controlled by the individual, his close relatives, his related trusts or any person who is accustomed to act in accordance with his instructions and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights.

Subject to certain exceptions, a mandatory take-over offer must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror during the offer period and within the six months preceding the acquisition of shares that triggered the mandatory offer obligation.

Under the Take-over Code, where effective control of a public company incorporated in Singapore is acquired by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the take-over offer must be given sufficient information, advice and time to consider and decide on the offer.

APPENDIX C – DESCRIPTION OF OUR SHARES

Liquidation or Other Return of Capital

If we are liquidated or in the event of any other return of capital, holders of our Shares will be entitled to participate in the distribution of any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares in our Company.

Indemnity

As permitted by Singapore law, our Constitution provides that our Company may, subject to the provisions of and so far as may be permitted by the Companies Act, indemnify our Board and officers against any liability incurred or to be incurred by them in the execution of their duties.

Subject to certain exceptions, our Company may not indemnify our Board and our officers against any liability attaching to them in connection with any negligence, default, breach of duty or breach of trust in relation to our Company. Such exceptions are: (i) the purchase and maintenance for our Directors and officers of insurance against any such liability; and (ii) circumstances where the provision for indemnity is against liability incurred by our Directors and officers to a person other than our Company, except when the indemnity is against (a) any liability of our Director or officer to pay a fine in criminal proceedings or a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising); or (b) any liability incurred by our Director or officer (1) in defending criminal proceedings in which he is convicted; (2) in defending civil proceedings brought by our Company or a related company in which judgment is given against him; or (3) in connection with an application for relief under Section 76A(13) or Section 391 of the Companies Act in which the court refuses to grant him relief.

Substantial Shareholdings

Under the Securities and Futures Act, a person has a substantial shareholding in our Company if he has an interest (or interests) in one or more voting shares (excluding treasury shares) in our Company and the total votes attached to that share or those shares, is not less than 5.0% of the aggregate of the total votes attached to all voting shares (excluding treasury shares) in our Company.

The Securities and Futures Act requires our Substantial Shareholders, or if they cease to be our Substantial Shareholders, to give notice to us using the forms prescribed by the Authority (which are available at www.mas.gov.sg) of particulars of the voting shares in our Company in which they have or had an interest (or interests) and the nature and extent of that interest or those interests, and of any change in the percentage level of their interest.

In addition, the deadline for a Substantial Shareholder to make disclosure to our Company under the Securities and Futures Act is two Singapore business days after he becomes aware:

- that he is or (if he had ceased to be one) had been a Substantial Shareholder;
- of any change in the percentage level in his interest; or
- that he had ceased to be a Substantial Shareholder,

there being a conclusive presumption of a person being “aware” of a fact or occurrence at the time at which he would, if he had acted with reasonable diligence in the conduct of his affairs, have been aware.

APPENDIX C – DESCRIPTION OF OUR SHARES

Following the above, we will in turn announce or otherwise disseminate the information stated in the notice to the SGX-ST as soon as practicable and in any case, no later than the end of the Singapore business day following the day on which we received the notice.

“Percentage level”, in relation to a Substantial Shareholder in our Company, means the percentage figure ascertained by expressing the total votes attached to all the voting shares in our Company in which the Substantial Shareholder has an interest (or interests) immediately before or (as the case may be) immediately after the relevant time as a percentage of the total votes attached to all the voting shares (excluding treasury shares) in our Company, and, if it is not a whole number, rounding that figure down to the next whole number.

Minority Rights

Section 216 of the Companies Act protects the rights of minority shareholders of Singapore incorporated companies by giving the Singapore courts a general power to make any order, upon application by any of our Shareholders, as they think fit to remedy any of the following situations:

- if our affairs are being conducted or the powers of our Board are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our Shareholders; or
- if we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our Shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, Singapore courts may:

- direct or prohibit any act or cancel or vary any transaction or resolution;
- regulate the conduct of our affairs in the future;
- authorise civil proceedings to be brought in our name, or on our behalf, by a person or persons and on such terms as the court may direct;
- direct us or some of our Shareholders to purchase a minority Shareholder’s shares and, in the case of our purchase of Shares, a corresponding reduction of our share capital;
- direct that our Constitution be amended; and
- direct that we be wound up.

In addition, Section 216A allows a complainant (including a minority shareholder) to apply to court for leave to bring an action in a court proceeding or to commence an arbitration proceeding in the name and on behalf of a company.

Legal Framework

The following statements are brief summaries of the laws of Singapore relating to the legal framework in Singapore and our Board, which are qualified in their entirety by reference to the laws of Singapore.

APPENDIX C – DESCRIPTION OF OUR SHARES

Singapore has a common law system based on a combination of case law and statutes. The Companies Act is the principal legislation governing companies incorporated under the laws of Singapore and provides for three main forms of corporate vehicles, being the company limited by shares, the company limited by guarantee and the unlimited company.

Companies are incorporated by filing with the ACRA in Singapore certain electronic forms, including the constitutional documents which comprise its constitution.

The constitution of a Singapore incorporated company may set out the specific objects and powers of the company, or may give the company full power to carry on or undertake any business activity. The constitution generally contains provisions relating to share capital and variation of rights, transfers and transmissions of shares, meetings of shareholders, directors and directors' meetings, powers and duties of directors, accounts, dividends and reserves, capitalisation of profits, secretary, common seal, winding-up and indemnity of the officers of a company.

APPENDIX D – RULES OF THE HRNET GROW PLAN

1 NAME OF THE PLAN

This Plan shall be called the “HRnet GROW Plan”.

2 DEFINITIONS

2.1 In this Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Administration Committee”	:	The GROW Committee or such other committee comprising Directors of the Company, duly authorised and appointed by the Board to administer the Plan
“Adoption Date”	:	The date on which the Plan is adopted by the Company in general meeting
“Associates”	:	Has the meaning ascribed to it in the Listing Manual
“Auditors”	:	The auditors for the time being of the Company
“Award”	:	A contingent award of GROW Award Shares granted under Rule 6
“Board”	:	The board of directors of the Company
“Bonus Shares Plan”	:	The Bonus Shares Plan adopted or to be adopted by the Company, as the same may be modified or altered from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Communication”	:	An Award, including the Invitation Letter and/or any correspondence made or to be made under the Plan (individually or collectively)
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Company”	:	HRnetGroup Limited, a public company incorporated in Singapore with limited liability
“Constitution”	:	The constitution of the Company, as amended or modified from time to time
“control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company

APPENDIX D – RULES OF THE HRNET GROW PLAN

“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15.0% or more of the number of all voting shares in a company; or (b) in fact exercises control over a company, unless otherwise determined
“Date of Grant”	:	In relation to an Award, the date on which the Award is granted pursuant to Rule 6
“Date of Invitation”	:	The date of an Invitation Letter
“Director”	:	A person holding office as a director for the time being of the Company and/or any of its Subsidiaries, as the case may be
“Employee”	:	An employee of the Group selected by the Administration Committee to participate in the Plan
“Group”	:	The Company and its Subsidiaries
“GROW Award Shares”	:	Shares which are the subject of an Award
“GROW Investment Shares”	:	New Shares to be subscribed for by Participants in accordance with Rule 6
“Invitation Letter”	:	An invitation by the Administration Committee, in such form as the Administration Committee shall approve, inviting Participants to subscribe for GROW Investment Shares (as defined herein) and agreeing to grant them Awards at the relevant matching ratio in respect of any GROW Investment Shares subscribed for
“Listing Manual”	:	Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time
“Loyalty Fund”	:	The annual contribution by the Company into a fund for the benefit of its employees
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Market Price”	:	A price equal to the weighted average price for trades done for the Shares on the SGX-ST for the full Market Day on which the Invitation Letter is accepted in accordance with Rule 6.3 or if trading for the Shares is not available for a full Market Day, the weighted average price for trades done on the preceding Market Day up to the time the Invitation Letter is accepted

APPENDIX D – RULES OF THE HRNET GROW PLAN

“Market Value”	:	In relation to a Share, on any day: <ul style="list-style-type: none">(a) the volume-weighted average price of a Share on the SGX-ST over the five (5) immediately preceding Market Days; or(b) if the Administration Committee is of the opinion that the Market Value as determined in accordance with (a) above is not representative of the value of a Share, such price as the Administration Committee may determine, such determination to be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable
“New Shares”	:	The new Shares which may be allotted and issued from time to time pursuant to the release of Awards granted under the Plan
“Participant”	:	The holder of an Award
“Performance Condition”	:	The performance condition specified in the Invitation Letter in relation to that Award
“Performance Period”	:	A period, the duration of which is to be determined by the Administration Committee in the Invitation Letter, during which the Performance Condition is to be satisfied
“Plan”	:	The HRnet GROW Plan, as the same may be modified or altered from time to time
“Record Date”	:	The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders must be registered in order to participate in the dividends, rights, allotments or other distributions (as the case may be)
“Release”	:	In relation to an Award, the release of all or some of the Shares to which that Award relates in accordance with Rule 8 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 8, the Award in relation to those Shares shall lapse accordingly, and “Released” shall be construed accordingly
“Released Award”	:	An Award which has been released in accordance with Rule 8
“Rules”	:	Rules of the Plan

APPENDIX D – RULES OF THE HRNET GROW PLAN

“Security Device”	:	Any smartcard, digital certificate, digital signature, encryption device, electronic key, logon identifier, password, personal identification number, and/or other code or any access procedure incorporating any one or more of the foregoing, designated by the Company for use in conjunction with the Plan
“Securities Accounts”	:	The securities account maintained by a Depositor with CDP
“Securities and Futures Act”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
“Shares”	:	Ordinary fully paid-up shares of the Company
“Subsidiary”	:	A company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of the Company within the meaning of Section 5 of the Companies Act
“Trading Day”	:	A day on which the Shares are traded on the SGX-ST
“Vesting”	:	In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and “Vest” and “Vested” shall be construed accordingly
“Vesting Date”	:	In relation to Shares which are the subject of a Released Award, the date (as determined by the Administration Committee and notified to the relevant Participant) on which those Shares have Vested pursuant to Rule 8
“Vesting Period”	:	In relation to an Award, a period, the duration of which is to be determined by the Administration Committee at the Date of Grant, provided that such period shall not be shorter than the minimum vesting periods prescribed under the Listing Manual
“Vesting Schedule”	:	In relation to an Award, a schedule in such form as the Administration Committee shall approve, in accordance with which Shares which are the subject of that award shall Vest

APPENDIX D – RULES OF THE HRNET GROW PLAN

“S\$” : Singapore dollars

“%” : Per centum or percentage

- 2.2 The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them, respectively, in Section 81SF of the Securities and Futures Act.
- 2.3 Words importing the singular number shall, where applicable, include the plural number and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.
- 2.4 Any reference to a time of a day in the Plan is a reference to Singapore time.
- 2.5 Any reference in the Plan to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act and used in the Plan shall have the meaning assigned to it under the Companies Act.

3 OBJECTIVES OF THE PLAN

- 3.1 The main objectives of the Plan are as follows:
- (a) provide an opportunity for Participants to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long term success of the Group and promoting organisational commitment, dedication and loyalty of Participants towards the Group;
 - (b) motivate Participants to strive towards performance excellence and to maintain a high level of contribution to the Group;
 - (c) give recognition to contributions made or to be made by Participants to the success of the Group; and
 - (d) to align the interests of the Participants with the interests of the Shareholders.

4 ADMINISTRATION OF THE PLAN

- 4.1 The Plan shall be administered by the Administration Committee in its absolute discretion, with such powers and duties as are conferred on it by the Board, provided that no member of the Administration Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him or held by him.
- 4.2 The Administration Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Plan) for the implementation and administration of the Plan, to give effect to the provisions of the Plan and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as it may, in its absolute discretion, think fit.
- 4.3 The Company shall bear the costs of establishing and administering the Plan.

APPENDIX D – RULES OF THE HRNET GROW PLAN

5 ELIGIBILITY OF PARTICIPANTS

5.1 The Employee's eligibility to participate in the Plan shall be at the absolute discretion of the Administration Committee. Such person must:

- (a) be confirmed in his/her employment with the Group;
- (b) have attained the age of 21 years on or before the Date of Grant; and
- (c) not be an undischarged bankrupt and must not have entered into a composition with his creditors.

5.2 Persons who are Controlling Shareholders and their respective Associates shall, if each such person meets the eligibility criteria in Rule 5.1, be eligible to participate in the Plan provided that:

- (a) their participation in the Plan is specifically approved by independent Shareholders in a separate resolution for each such person;
- (b) the aggregate number of Shares which may be awarded to all Controlling Shareholders and their respective Associates under the Plan shall not exceed 25% of the total number of Shares available under the Plan; and
- (c) the number of Shares which may be awarded to each Controlling Shareholder and his respective Associate under the Plan shall not exceed 10% of the total number of Shares available under the Plan.

No Award shall be granted to such Controlling Shareholders or their respective Associates unless the actual number of underlying Shares and the terms of Awards to be granted shall be approved by independent Shareholders in a separate resolution for each such person. A circular, letter or notice to Shareholders proposing such a resolution shall include a clear rationale for the proposed participation by such Controlling Shareholders or their respective Associates, as well as a clear rationale for the number of underlying Shares in respect of the Awards to be granted.

5.3 The eligibility of Participants to participate in the Plan, and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan and the Vesting Period shall be determined at the absolute discretion of the Administration Committee, which shall take into account, among others,

- (a) the financial performance of the Group;
- (b) in respect of a Participant being an Employee, criteria such as his rank, job performance, potential for future development and his contribution to the success and development of the Group; and
- (c) the extent of effort required to achieve the Performance Condition within the Performance Period.

5.4 Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the Plan may be amended from time to time at the absolute discretion of the Administration Committee.

APPENDIX D – RULES OF THE HRNET GROW PLAN

6 INVITATION TO SUBSCRIBE FOR SHARES AND GRANT OF AWARDS

- 6.1 Awards will only be granted on a matching basis to Participants who subscribe for GROW Investment Shares in accordance with the terms of the Plan. The matching ratio will be determined by the Administration Committee in its sole discretion and may vary between grants.
- 6.2 The Administration Committee may, in its absolute discretion, invite Participants to subscribe for GROW Investment Shares and agree to grant them Awards at the relevant matching ratio in respect of any GROW Investment Shares subscribed for, subject to certain terms, conditions and undertakings by an Invitation Letter in such form as the Administration Committee may from time to time determine. The Invitation Letter shall specify, *inter alia*, the following:
- (a) the maximum amount which may be invested by the Participant for the subscription of GROW Investment Shares;
 - (b) the subscription price in respect of the GROW Investment Shares in accordance with Rule 6.5;
 - (c) the relevant matching ratio of the Award to be granted in respect of any GROW Investment Shares subscribed for;
 - (d) the Date of Grant;
 - (e) the prescribed Vesting Period;
 - (f) the prescribed Vesting Schedule;
 - (g) the extent to which Shares which are the subject of that Award shall be released at the end of each prescribed Vesting Period;
 - (h) the Performance Condition;
 - (i) the Performance Period;
 - (j) where applicable, whether the Shares in respect of an Award will be, wholly or partly, Vested in the form of cash rather than Shares; and
 - (k) any other condition which the Administration Committee may determine in relation to that Award.
- 6.3 Invitation Letters shall be accepted by the Participant within 30 days from the date of the relevant Invitation Letter and, in any event, no later than 5.00 pm on the thirtieth day from such date of Invitation Letter by providing the Company a duplicate Invitation Letter duly executed by the Participant specifying the amount to be invested for the subscription of GROW Investment Shares. The subscription amount for the GROW Investment Shares shall be satisfied in cash and remitted to an account designated by the Company, provided that the Participant may (subject to the approval requirements and other terms of the Loyalty Fund) elect to apply any available credits standing to his name in the Loyalty Fund to offset such subscription amount.

APPENDIX D – RULES OF THE HRNET GROW PLAN

- 6.4 If an Invitation Letter is not accepted in the manner as provided in Rule 6.3, such invitation shall, upon expiry of the 30-day period, automatically lapse and become null, void and of no effect, unless otherwise determined by the Administration Committee in its sole discretion.
- 6.5 Subject to any adjustment pursuant to Rule 10, the subscription price for each GROW Investment Share shall be determined by the Administration Committee, in its absolute discretion, on the date of the Invitation Letter at:
- (a) a price equal to the Market Price; or
 - (b) a price which is set at a discount to the Market Price, provided that the maximum discount shall not exceed 10% of the Market Price (or such other percentage or amount as may be determined by the Administration Committee and subject to compliance with the Listing Manual).
- 6.6 Subject as provided in Rule 9, the Administration Committee may issue Invitation Letters at any time during the period when the Plan is in force, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Invitation Letters may only be issued on or after the second Market Day from the date on which the aforesaid announcement is made.
- 6.7 Subject to all such consents or other required action of any competent authority under any regulations or enactment for the time being in force as may be necessary and subject to the compliance with the terms of the Plan and the Constitution of the Company, the Company shall, within 10 Market Days after the acceptance of an Invitation Letter, (a) allot the relevant GROW Investment Shares to each Participant and despatch to CDP the relevant share certificates by ordinary post or such other mode as the Administration Committee may deem fit; or (b) transfer to the Participant the relevant number of existing Shares held as treasury shares. Such allotment or transfer, as the case may be, is subject to the approval from the SGX-ST for permission to deal in, and for quotation of, such GROW Investment Shares, if necessary.
- 6.8 With effect from the date of the issue and allotment or, as the case may be, transfer of the GROW Investment Shares, the Award shall be granted to the Participant in accordance with the terms stipulated in the Invitation Letter.
- 6.9 The Administration Committee may amend or waive the Vesting Period and/or the Performance Condition in respect of any Award:
- (a) in the event of a general offer (whether conditional or unconditional) being made for all or any part of the Shares, or a scheme of arrangement or compromise between the Company and its Shareholders being sanctioned by the Court under the Companies Act, or a proposal to liquidate or sell all or substantially all of the assets of the Company; or
 - (b) if anything happens which causes the Administration Committee to conclude that:
 - (i) a changed Performance Condition would be a fairer measure of performance, and would be no less difficult to satisfy; or

APPENDIX D – RULES OF THE HRNET GROW PLAN

- (ii) the Performance Condition should be waived as the Participant has achieved a level of performance that the Administration Committee considers satisfactory notwithstanding that the Performance Condition may not have been fulfilled,

and shall notify the Participants of such change or waiver (but accidental omission to give notice to any Participant(s) shall not invalidate any such change or waiver).

- 6.10 An Award shall be personal to the Participant to whom it is granted and no Award or any rights thereunder shall be transferred, charged, assigned, pledged, mortgaged, encumbered or otherwise disposed of, in whole or in part, and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award, that Award shall immediately lapse.
- 6.11 Every Award shall be subject to the condition that no Shares would be issued or transferred pursuant to the Release of any Award if such issue or transfer would be contrary to the constitutive documents of the Company or any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue or transfer of Shares hereto.

7 EVENTS PRIOR TO THE VESTING DATE

- 7.1 An Award, to the extent not yet Released, shall forthwith become void and cease to have effect on the occurrence of any of the following events (and in such an event, the Participant shall have no claim whatsoever against the Company, its Directors or employees):
 - (a) a Participant ceasing for any reason whatsoever, to be in the employment of the Company and/or the relevant Subsidiary or in the event the entity by which the Employee is employed ceases to be an entity in the Group;
 - (b) upon the bankruptcy of the Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of or interest in such Award;
 - (c) ill health, injury, disability or death of a Participant (in each case, evidenced to the satisfaction of the Administration Committee);
 - (d) a Participant commits any breach of any of the terms of his Award;
 - (e) misconduct on the part of a Participant as determined by the Administration Committee in its discretion;
 - (f) a take-over, winding-up or reconstruction of the Company; and/or
 - (g) any other event approved by the Administration Committee.

For the purpose of Rule 7.1(a) above, an Employee shall be deemed to have ceased to be in the employment of the Company or the Subsidiary (as the case may be) on the date on which he gives notice of termination of employment, unless prior to the date on which termination takes effect, the Employee has (with the consent of the Company or the Subsidiary (as the case may be), withdrawn such notice.

APPENDIX D – RULES OF THE HRNET GROW PLAN

- 7.2 The Administration Committee may in its absolute discretion and on such terms and conditions as it deems fit, preserve all or any part of any Award notwithstanding the provisions of any other Rules including Rules 7.1 and 8.1. Further to such exercise of discretion, the Awards shall be deemed not to have become void nor cease to have effect in accordance with the relevant provisions in Rule 7.1.
- 7.3 Without prejudice to the provisions of Rules 6.9 and 7.1, to the extent of an Award yet to be Released, if any of the following occurs:
- (a) a general offer (whether conditional or unconditional) being made for all or any part of the Shares;
 - (b) a scheme of an arrangement or compromise between the Company and its Shareholders being sanctioned by the Court under the Companies Act;
 - (c) an order for the compulsory winding-up of the Company is made; or
 - (d) a resolution for a voluntary winding-up (other than for amalgamation or reconstruction) of the Company being made,

the Administration Committee may consider, at its absolute discretion, whether or not to Release such Award. If the Administration Committee decides to Release such Award, then in determining the number of Shares to be Vested in respect of such Award, the Administration Committee will have regard to the proportion of the Vesting Period(s) which has elapsed and the extent to which the Performance Condition has been satisfied. Where such Award is Released, the Administration Committee will, as soon as practicable after such Release, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 8.

8 RELEASE OF AWARDS

- 8.1 (a) In relation to each Award, the GROW Award Shares shall vest in accordance with the Vesting Schedule over the Vesting Period, with each tranche vesting on the Vesting Date and provided that the Performance Condition specified in respect of that Award has been satisfied. As soon as reasonably practicable after the end of the relevant Performance Period, the Administration Committee shall review the Performance Condition specified in respect of that Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied.

If the Administration Committee determines in its sole discretion that the Performance Condition has not been satisfied before the expiry of the relevant Performance Period, the tranche of GROW Award Shares due to vest in the relevant Vesting Period shall not vest.

In the event the relevant Participant ceases to be an Employee before the expiry of the relevant Performance Period, the Award in respect of any GROW Award Shares which have not Vested shall lapse and be of no value and the provisions of Rule 8 (save for this Rule 8.1(a)) shall be of no effect.

The Administration Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and, in making any such determination, the Administration Committee shall have the right

APPENDIX D – RULES OF THE HRNET GROW PLAN

to make computational adjustments to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Administration Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events.

Subject to:

- (i) the Administration Committee having determined that the Performance Condition has been satisfied;
- (ii) the relevant Participant continuing to be an Employee;
- (iii) such consents (including any approvals required by the SGX-ST) as may be necessary having been obtained;
- (v) compliance with the terms of the Award, the Plan, and the Constitution of the Company;
- (vi) where Shares are to be allotted or transferred on the Release of an Award, the Participant having a securities account with CDP and compliance with the applicable requirements of CDP; and
- (vii) where New Shares are to be allotted on the Release of an Award, the Company being satisfied that the Shares which are the subject of the Released Award will be listed for quotation on the SGX-ST,

the GROW Award Shares shall be issued either by way of an issue of New Shares or transfer of existing Shares held as treasury shares to the Participants.

- (b) Where New Shares are allotted upon the Release of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for the listing and quotation of such Shares.
- (c) Where existing Shares held as treasury shares are transferred upon the Release of any Award, the Company shall, prior to such transfer, apply to the SGX-ST for the listing and quotation of such Shares.

8.2 Shares which are allotted or transferred on the Release of an Award to a Participant shall be registered in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent.

8.3 New Shares allotted and issued, and existing Shares procured by the Company on behalf of the Participants for transfer, upon the Release of an Award shall:

- (a) be subject to all the provisions of the Constitution of the Company and the Companies Act; and
- (b) rank in full for all entitlements, including any dividend, right, allotment or other distribution declared or recommended in respect of the then existing Shares, the Record Date of which is on or after the relevant Vesting Date and (subject as aforesaid) will rank *pari passu* in all respects with the Shares then existing.

APPENDIX D – RULES OF THE HRNET GROW PLAN

- 8.4 The Administration Committee may determine to Vest the Shares in respect of an Award, wholly or partly, in the form of cash rather than Shares which would otherwise have Vested to the Participant on the relevant Vesting Date, in which event the Company shall pay to the Participant as soon as practicable after such Vesting Date, in lieu of all or part of such Shares, the aggregate Market Value of such Shares on such Vesting Date.

9 LIMITATION ON THE SIZE OF THE PLAN

- 9.1 The aggregate number of Shares which may be issued and/or transferred pursuant to Awards granted under the Plan on any date, when added to (a) the number of Shares issued and issuable and/or transferred and transferable in respect of all Awards granted under the Plan, (b) the number of Shares issued and issuable in respect of all awards granted under the Bonus Shares Plan and (c) the number of Shares issued and issuable and/or transferred and transferable in respect of all options or awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed 15.0% of the number of all issued Shares (excluding treasury shares, as defined in the Companies Act) on the day preceding that date.
- 9.2 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Administration Committee under the Plan.

10 ADJUSTMENT EVENTS

- 10.1 If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves, rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:
- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested and the rights attached thereto; and/or
 - (b) the class and/or number of Shares in respect of which Awards may be granted under the Plan,
- may, at the option of the Administration Committee, be adjusted in such manner as the Administration Committee may determine to be appropriate, provided that any such adjustment shall be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.
- 10.2 Unless the Administration Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or upon the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.
- 10.3 Notwithstanding the provisions of Rule 10.1, any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

APPENDIX D – RULES OF THE HRNET GROW PLAN

- 10.4 Upon any adjustment being made pursuant to this Rule 10, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the Vesting of an Award and the date on which such adjustment shall take effect.

11 NOTICES

- 11.1 Any notice required to be given by the Participant to the Company shall be sent or made to the principal place of business of the Company or such other address (including an electronic mail address) or facsimile number, and marked for the attention of the Administration Committee, as may be notified by the Company to the Participant in writing.
- 11.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and a Participant shall be given or made by the Administration Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to a Participant by hand or sent to a Participant at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number provided by the Participant to the Company.
- 11.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by the Participant, when left at the address specified in Rule 11.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.
- 11.4 Any Communication under the Plan may be communicated electronically through the use of a Security Device, or through an electronic page, site, or environment designated by the Company which is accessible only through the use of a Security Device, and such Communication shall thereby be deemed to have been sent by the designated holder of such Security Device.
- 11.5 The Company may accept and act upon any Communication issued and/or transmitted through the use of the Participant's Security Device pursuant to Rule 11.4 (whether actually authorised by the Participant or not) as his authentic and duly authorised Communication and the Company shall be under no obligation to investigate the authenticity or authority of persons effecting the Communication or to verify the accuracy and completeness of the Communication and the Company may treat the Communication as valid and binding on the Participant, notwithstanding any error, fraud, forgery, lack of clarity or misunderstanding in the terms of such Communication.
- 11.6 All Communications issued and/or transmitted through the use of a Participant's Security Device pursuant to Rule 11.4 (whether authorised by the Participant or not) are irrevocable and binding on the Participant upon transmission to the Company and the Company shall be entitled to effect, perform or process such Communications without the Participant's further consent and without any further reference or notice to the Participant.
- 11.7 It shall be the Participant's sole responsibility to ensure that all information contained in a Communication is complete, accurate, current, true and correct.

APPENDIX D – RULES OF THE HRNET GROW PLAN

- 11.8 A Participant shall ensure (and shall take all necessary precautions to ensure) that:
- (a) he complies with the Company's procedural and/or operational guidelines relating to Security Devices;
 - (b) all his Security Devices are kept completely confidential and secure; and
 - (c) there is no unauthorised use or abuse of his Security Devices.
- 11.9 A Participant shall notify and/or contact the Company immediately if he becomes aware, has reason to believe, or suspects that any Security Device has become compromised, including but not limited to where:
- (a) the security or integrity of any Security Device may have been compromised;
 - (b) such Security Device has become known or been revealed to any other person;
 - (c) there has been unauthorised use of the Security Device; and/or
 - (d) such Security Device is lost, damaged, defective or stolen,
- and the Participant shall immediately cease to use such compromised Security Device until further notice from the Company. The Participant shall be bound by all Communications and transactions resulting from any Communications made which are referable to any compromised Security Device until such time as the Company has received a notification from the Participant under this Rule 11.9.
- 11.10 The Company's records of the Communications, and its record of any transactions maintained by any relevant person authorised by the Company relating to or connected with the Plan, whether stored in electronic or printed form, shall be binding and conclusive on a Participant and shall be conclusive evidence of such Communications and/or transactions. All such records shall be admissible in evidence and the Participant shall not challenge or dispute the admissibility, reliability, accuracy or the authenticity of the contents of such records merely on the basis that such records were incorporated and/or set out in electronic form or were produced by or are the output of a computer system, and the Participant waives any of his rights (if any) to so object.
- 11.11 Any provision in these Rules requiring a Communication to be signed by a Participant may be satisfied in the case of an electronic Communication, by the execution of any on-line act, procedure or routine designated by the Company to signify the Participant's intention to be bound by such Communication.

12 MODIFICATIONS TO THE PLAN

- 12.1 Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by resolution of the Administration Committee, except that:
- (a) any modification or alteration which would be to the advantage of Participants under the Plan shall be subject to the prior approval of Shareholders in a general meeting; and
 - (b) no modification or alteration shall be made without the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

APPENDIX D – RULES OF THE HRNET GROW PLAN

- 12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Administration Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Plan in any way to the extent necessary to cause the Plan to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants but accidental omission to give notice to any Participant(s) shall not invalidate any such modifications or alterations.

13 TERMS OF EMPLOYMENT UNAFFECTED

Notwithstanding the provisions of any other Rule:

- (a) the Plan or any Award shall not form part of any contract of employment between the Company and/or any Subsidiary and/or any Employee and the rights and obligations of any individual under the terms of the office or employment with any such company shall not be affected by his participation in the Plan or any right which he may have to participate in it or any Award which he may be granted and the Plan or any Award shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever (whether lawful or not); and
- (b) the Plan shall not confer on any person any legal or equitable rights (other than those constituting the Awards themselves) against the Company and/or any Subsidiary directly or indirectly or give rise to any cause of action at law or in equity against any such company, its directors or employees.

14 DURATION OF THE PLAN

- 14.1 The Plan shall continue to be in operation at the discretion of the Administration Committee for a maximum period of 10 years commencing on the Adoption Date, provided always that the Plan may, subject to applicable laws and regulations, continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- 14.2 The Plan may be terminated at any time by the Administration Committee and by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Plan is so terminated, no further Awards shall be granted by the Company hereunder.
- 14.3 The termination of the Plan shall not affect Awards which have been granted, whether such Awards have been Released (whether fully or partially) or not.

15 ANNUAL REPORT DISCLOSURE

The Company shall make the following disclosures in its annual report to Shareholders for the duration of the Plan:

- (a) the names of the members of the Administration Committee;

APPENDIX D – RULES OF THE HRNET GROW PLAN

- (b) in respect of the following Participants of the Plan:
 - (i) Directors of the Company;
 - (ii) Participants who are Controlling Shareholders and their Associates, if applicable; and
 - (iii) Participants (other than those in (i) and (ii) above) who have received Shares pursuant to the Release of Awards granted under the Plan which, in aggregate, represent 5% or more of the total number of Shares available under the Plan,the following information:
 - (1) the name of the Participant; and
 - (2) the number of new Shares issued and the number of existing Shares transferred to such Participant during the financial year under review; and
- (c) in relation to the Plan, the following particulars:
 - (i) the aggregate number of Shares comprised in Awards granted since the commencement of the Plan to the end of the financial year under review;
 - (ii) the aggregate number of Shares comprised in Awards which have been Released during the financial year under review and in respect of such Awards, the proportion of:
 - (1) New Shares issued; and
 - (2) where applicable, existing Shares purchased, including the range of prices at which such Shares have been purchased,upon the Vesting of Released Awards; and
 - (iii) the aggregate number of Shares comprised in Awards which have not been Released as at the end of the financial year under review;

16 ABSTENTION FROM VOTING

Participants who are Shareholders and are eligible to participate in this Plan must abstain from voting on any Shareholders' resolution relating to the Plan, including (a) the implementation of the Plan; and (b) the participation by, or grant of Awards to Controlling Shareholders and their Associates (if such Participant is a Controlling Shareholder). Participants may act as proxies of Shareholders of the Company in respect of the votes of such Shareholders in relation to any such resolution provided that specific instructions have been given in the proxy forms on how the votes are to be cast in respect of the resolution.

17 TAXES, COSTS AND EXPENSES OF THE PLAN

- 17.1 Notwithstanding anything herein, each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a Depository Agent.

APPENDIX D – RULES OF THE HRNET GROW PLAN

- 17.2 The Participants shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or Vesting of the relevant Award. All taxes (including income tax) arising from the grant or Vesting of any Award under the Plan shall be borne by that Participant. The Company shall not be responsible for any failure by the Participant to obtain any such consent or for any tax or other liability to which the Participant may become subject as a result of his participation in the Plan.

18 DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Company, its Directors or employees or the Administration Committee shall not under any circumstances be held liable for any costs, losses, expenses, liabilities or damages whatsoever and howsoever arising in respect of any matter under or in connection with the Plan, including but not limited to any delay or failure to issue, or procure the transfer of, the Shares or to apply for or procure the listing of new Shares on the SGX-ST in accordance with Rule 8.1 (and any other stock exchange on which the Shares are quoted or listed).

19 COLLECTION, USE AND DISCLOSURE OF PERSONAL DATA

For the purposes of implementing and administering the Plan, and in order to comply with any applicable laws, listing rules, regulations and/or guidelines, the Company will collect, use and disclose the personal data of the Participants, as contained in each Invitation Letter and/or any other notice or communication given or received pursuant to the Plan, and/or which is otherwise collected from the Participants (or their authorised representatives). By participating in the Plan, each Participant consents to the collection, use and disclosure of his personal data for all such purposes, including disclosure of data to related corporations of the Company and/or third parties who provide services to the Company (whether within or outside Singapore), and to the collection, use and further disclosure by such parties for such purposes. Each Participant also warrants that where he discloses the personal data of third parties to the Company in connection with this Plan, he has obtained the prior consent of such third parties for the Company to collect, use and disclose their personal data for the abovementioned purposes, in accordance with any applicable laws, regulations and/or guidelines. Each Participant shall indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Participant's breach of this warranty.

20 DISPUTES

Any disputes or differences of any nature arising hereunder (other than matters to be confirmed by the Auditors in accordance with the Plan) shall be referred to the Administration Committee and its decision shall be final and binding in all respects (including any decisions pertaining to disputes as to interpretation of the Plan or any Rule, regulation, procedure thereunder or as to any rights under the Plan).

APPENDIX D – RULES OF THE HRNET GROW PLAN

21 GOVERNING LAW

The Plan shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by being granted Awards in accordance with the Plan, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

22 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT, CHAPTER 53B

No person other than the Company or a Participant shall have any right to enforce any provision of the Plan or any Award by virtue of the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

APPENDIX E – RULES OF THE BONUS SHARES PLAN

1. NAME OF THE PLAN

The Plan shall be called the Bonus Shares Plan.

2. ADMINISTRATION OF THE BONUS SHARES PLAN

The committee responsible for the administration of the Bonus Shares Plan (the “**Administration Committee**”) is the GROW Committee (which shall be comprised of directors of HRnet Group Limited (the “**Company**”) from time to time). No member of the Administration Committee shall participate in any deliberation or decision in respect of Awards (as defined herein) granted or to be granted to him or held by him.

3. PARTICIPANTS OF THE BONUS SHARES PLAN

3.1 Pursuant to the Bonus Shares Plan, the following persons may be granted share awards (“**Awards**”) for additional new shares of the Company (“**Shares**”) under the Opp 1 Plan and Opp 2 Plan:

- (a) employees of the Company and its subsidiaries (together, the “**Group**”) who are eligible to participate in the Opp 1 Plan (“**Opp 1 Participants**”) and who have subscribed for new ordinary shares of the Company (“**Shares**”) under the Opp 1 Plan (“**Opp 1 Investment Shares**”); and
- (b) employees of the Group who are eligible to participate in the Opp 2 Plan (“**Opp 2 Participants**”) and, together with the Opp 1 Participants, “**Participants**”) and who have subscribed for new Shares under the Opp 2 Plan (“**Opp 2 Investment Shares**”) and, if applicable, Opp 2 Buy-in Shares (as defined herein). The Board of Directors of the Company may, at its sole discretion, offer the Opp 2 Participants an opportunity to subscribe for new Shares under the Opp 2 Plan in addition to the Opp 2 Investment Shares (the “**Opp 2 Buy-in Shares**”).

For the purposes of the Rules, “Opp 1 Plan” and “Opp 2 Plan” refer to the pre-Listing share plans adopted by the Company on 24 May 2017 and 24 May 2017 respectively, both of which constitute part of the 123GROW Plan.

3.2 Controlling Shareholders and their Associates are eligible to participate in the Bonus Shares Plan.

4. GRANT OF AWARDS FOR BONUS SHARES

4.1 *Opp 1 Bonus Shares*

4.1.1 Opp 1 Participants may be granted Awards for additional new Shares (the “**Opp 1 Bonus Shares**”) equivalent in number to the Opp 1 Investment Shares.

4.1.2 The Opp 1 Bonus Shares will be allotted and issued to the relevant Opp 1 Participants in three equal tranches over a period of three years, commencing on the first anniversary of the listing of the Company on the Main Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (the “**Listing**”). The allotment and issue of each tranche of Opp 1 Bonus Shares in each year is subject to the Opp 1 Participant continuing to satisfy the Basic Eligibility Criteria (as defined herein) for the relevant year. If the Basic Eligibility Criteria is not met in any of the three years or in

APPENDIX E – RULES OF THE BONUS SHARES PLAN

the event that the Opp 1 Participant ceases to be employed by the Group, the entitlement for the Opp 1 Bonus Shares in that year (or in the case of an Opp 1 Participant ceasing to be employed by the Group, the entire remainder of his entitlement for the Opp 1 Bonus Shares) will expire and those shares will not be allotted and issued to the relevant Opp 1 Participant. The entitlement for the allotment and issue of the Opp 1 Bonus Shares in each year is not cumulative towards the following year if the condition is not met in that year.

4.2 *Opp 2 Bonus Shares*

4.2.1 Opp 2 Participants may be granted Awards for additional new shares (the “**Opp 2 Bonus Shares**” and, together with the Opp 1 Bonus Shares, “**Opp Plans Bonus Shares**”) equivalent in number to 50% of the aggregate of the Opp 2 Investment Shares and the Opp 2 Buy-in Shares (if applicable).

4.2.2 The Opp 2 Bonus Shares will be allotted and issued to the relevant Opp 2 Participants in three equal tranches over a period of three years, commencing on the first anniversary of the Listing. The allotment and issue of each tranche of Opp 2 Bonus Shares in each year is subject to the Opp 2 Participant satisfying the Basic Eligibility Criteria (as defined herein) for the relevant year. If the Basic Eligibility Criteria is not met in any of the three years or in the event that the Opp 2 Participant ceases to be employed by the Group, the entitlement for the Opp 2 Bonus Shares in that year (or in the case of an Opp 2 Participant ceasing to be employed by the Group, the entire remainder of his entitlement for the Opp 2 Bonus Shares) will expire and those shares will not be allotted and issued to the Opp 2 Participant. The entitlement for the allotment and issue of the Opp 2 Bonus Shares in each year is not cumulative towards the following year if the condition is not met in that year.

For the purposes of Rules 4.2.1 and 4.2.2, “Basic Eligibility Criteria” refers to (i) sales personnel who achieve gross profit of at least three times their payroll costs for the relevant financial year; or (ii) non-sales personnel who have achieved at least 80% of their key performance indicators that have been set for them for the relevant financial year.

4.3 Opp Plans Bonus Shares allotted and issued shall:

- (a) be subject to all the provisions of the Constitution of the Company and the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”); and
- (b) rank in full for all entitlements, including any dividend, right, allotment or other distribution declared or recommended in respect of the then existing Shares, the Record Date of which is on or after the relevant date of issue, and (subject as aforesaid) will rank *pari passu* in all respects with Shares then existing.

For the purposes of this Rule 4.3, “Record Date” means the date as at the close of business (or such other time as may have been prescribed by the Company) on which shareholders of the Company (“**Shareholders**”) must be registered in order to participate in the dividends, rights, allotments or other distributions (as the case may be).

APPENDIX E – RULES OF THE BONUS SHARES PLAN

5. LIMITATION ON THE SIZE OF THE BONUS SHARES PLAN

- 5.1 The aggregate number of Opp Plans Bonus Shares which may be allotted and issued pursuant to Awards granted under the Bonus Shares Plan on any date, when added to (a) the number of Shares issued and issuable in respect of all Awards granted under the Bonus Shares Plan, (b) the number of Shares issued and issuable and/or transferred and transferable in respect of all awards granted under the HRnet GROW Plan and (c) the number of Shares issued and issuable and/or transferred and transferable in respect of all options or awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed 15.0% of the number of all issued Shares (excluding treasury shares, as defined in the Companies Act) on the day preceding that date.
- 5.2 The aggregate number of Opp Plans Bonus Shares which may be allotted and issued pursuant to Awards under the Bonus Shares Plan to Participants who are Controlling Shareholders and their respective Associates shall not exceed 25% of the total number of Shares available under the Bonus Shares Plan.
- 5.3 The number of Opp Plans Bonus Shares which may be allotted and issued pursuant to Awards under the Bonus Shares Plan to each Participant who is a Controlling Shareholder or his respective Associate shall not exceed 10% of the total number of Shares available under the Bonus Shares Plan.

6. ADJUSTMENT EVENTS

- 6.1 If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves, rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then the class and/or number of Opp Plans Bonus Shares to the extent not yet allotted and issued and the rights attached thereto may, at the option of the Administration Committee, be adjusted in such manner as the Administration Committee may determine to be appropriate, provided that any such adjustment shall not be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.
- 6.2 Unless the Administration Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or upon the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.
- 6.3 Notwithstanding the provisions of Rule 6.2, any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the auditors of the Company (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

APPENDIX E – RULES OF THE BONUS SHARES PLAN

7. MODIFICATIONS TO THE BONUS SHARES PLANS

- 7.1 Any or all of the provisions of the Bonus Shares Plan may be modified and/or altered at any time and from time to time by resolution of the Administration Committee, except that:
- (a) any modification or alteration which would be to the advantage of Participants under the Bonus Shares Plan shall be subject to the prior approval of Shareholders in a general meeting; and
 - (b) no modification or alteration shall be made without the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.
- 7.2 Notwithstanding anything to the contrary contained in Rule 7.1, the Administration Committee may at any time by a resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Bonus Shares Plan in any way to the extent necessary to cause the Bonus Shares Plan to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

8. DURATION OF THE BONUS SHARES PLAN

The Bonus Shares Plan shall continue to be in operation at the discretion of the Administration Committee for a period commencing on the date on which the Bonus Shares Plan is adopted by the Company in general meeting and ending on the date on which all of the Opp Plans Bonus Shares have been allotted and issued or, as the case may be, lapsed.

9. ANNUAL REPORT DISCLOSURE

The Company shall make the following disclosures in its annual report to Shareholders for the duration of the Bonus Shares Plan:

- (a) the names of the members of the Administration Committee;
- (b) in respect of the following Participants of the Bonus Shares Plan:
 - (i) Directors of the Company;
 - (ii) Participants who are Controlling Shareholders and their Associates, if applicable; and
 - (iii) Participants (other than those in paragraphs (i) and (ii) above) who have received Shares pursuant to the release of Awards granted under the Bonus Shares Plan which, in aggregate, represent 5% or more of the total number of Shares available under the Bonus Shares Plan,

the following information:

- (1) the name of the Participant; and
- (2) the number of new Shares issued to such Participant during the financial year under review; and

APPENDIX E – RULES OF THE BONUS SHARES PLAN

- (c) in relation to the Bonus Shares Plan, the following particulars:
 - (i) the aggregate number of Shares comprised in Awards granted under the Bonus Shares Plan since the commencement of the Bonus Shares Plan to the end of the financial year under review;
 - (ii) the aggregate number of Shares comprised in Awards which have been released under the Bonus Shares Plan during the financial year under review; and
 - (iii) the aggregate number of Shares comprised in Awards granted under the Bonus Shares Plan which have not been released as at the end of the financial year under review.

This page has been intentionally left blank.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T  S U L L I V A N

Suite C-11-02, Block C, Plaza
Mont' Kiara, 2 Jalan Kiara, Mont'
Kiara, 50480 Kuala Lumpur

Ph: +603 6204 5800
Fax: +603 6201 7402

www.frost.com

Date: 26 May 2017

The Board of Directors

HRNETGROUP LIMITED

391A Orchard Road, Ngee Ann City Tower A

Unit #23-06

Singapore 238873

Dear Sirs,

Executive Summary of the Independent Market Research Report on the Recruitment Industry Covering Singapore and Selected Asian Countries for HRnetGroup Limited. ("HRnetGroup")

We, Frost & Sullivan GIC Malaysia Sdn Bhd ("**Frost & Sullivan**"), have prepared this Executive Summary of the Independent Market Research report on the recruitment industry in Singapore, Greater China (China, Taiwan and Hong Kong), Malaysia, Thailand, Japan and South Korea ("**the Report**") for inclusion in HRnetGroup's Prospectus in connection with the initial public offering of the ordinary shares of HRnetGroup on the Main Board of the Singapore Exchange Securities Trading Limited ("**Prospectus**").

We acknowledge that if we are aware of any significant changes affecting the content of this Report between the date hereof and the issue date of the Prospectus, we have an on-going obligation to either cause this Report to be updated for the changes and, where applicable, cause HRnetGroup to issue a supplementary prospectus, or withdraw our consent to the inclusion of this Report in the Prospectus.

Frost & Sullivan has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of this Report. We believe that this Report presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in the industry. Frost & Sullivan shall not be held responsible for the decisions and/or actions of the readers of this Report. This Report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this Report or otherwise.

For and on behalf of Frost & Sullivan GIC Malaysia Sdn Bhd:

Sanjay Singh

Senior Vice President, Business & Financial Services (APAC)
Director of Frost & Sullivan GIC Malaysia Sdn. Bhd.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

1 OVERVIEW OF GLOBAL RECRUITMENT INDUSTRY

1.1 DEFINITION AND SEGMENTATION

The recruitment services can be segmented by the following types:

Professional recruitment refers to the services of assisting clients to identify candidates and facilitate clients' selection to fill vacant positions. The consultants in the professional recruitment service are industry specialists with knowledge and insights into the functional specialisation and talent landscape of respective industries. The process of professional recruitment involves strong collaboration between consultants and clients to understand business goals and strategies the need for talent. Professional recruitment agencies typically enter into success-based service agreements whereby fees are charged based on a percentage of the annual salary of successful placement of candidates.

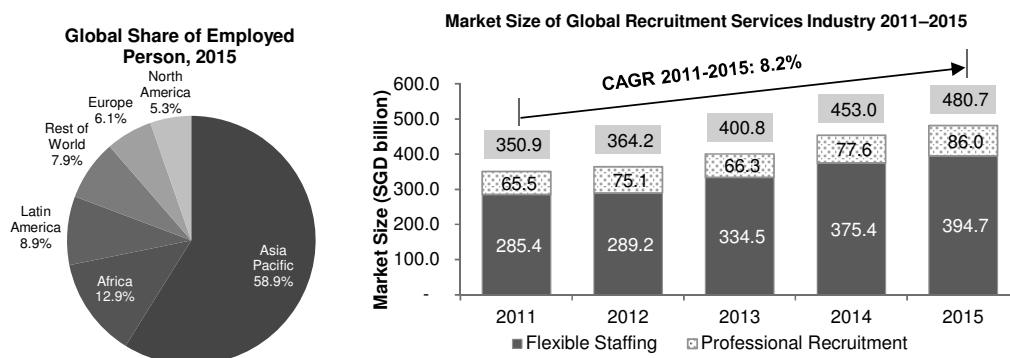
Flexible staffing is the largest service line within the recruitment services industry. The service has evolved from being used to fill temporary jobs or for replacing absent employees to become a solution for companies to manage operating costs during economic downturn and facilitate talent deployment during the process of outsourcing of non-core functions. Flexible staffing agencies hire contractor employees and place them with clients for a pre-determined period. Agencies charge hiring companies a fee corresponding to the salaries of the contractor employees and a service fee for providing a ready workforce based on their requirement.

1.2 GLOBAL LABOUR FORCE AND PROFESSIONAL RECRUITMENT INDUSTRY

The global employed workforce stood at 3,213.2 million in 2015 - a rise from 3,050.0 million in 2011 at a CAGR of 1.3%. Asia-Pacific has the largest employed population by region with 1,891.7 million or 58.9% of the global workforce in 2015. The size of employed population in Asia-Pacific grew by 76.7 million between 2011 and 2015, or 47.0% of the total growth in employed population globally. Between 2016 and 2020, total employed population in Asia-Pacific is forecast to increase by 70.2 million to reach a total of employed population of 1,981.6 million by end 2020.

The total revenue of global recruitment services industry stood at SGD480.7 billion in 2015, with the flexible staffing segment of the industry making up 82.1% of the revenue. During this period – driven by increasing needs for workforce flexibility to improve productivity and efficiency – the flexible staffing segment of the industry grew faster at a CAGR of 8.4% compared to the professional recruitment segment which grew at a CAGR of 7.0%.

Chart 1-1: Global Share of Employed Person in 2015 and Market Size of Global Recruitment Services Industry, 2011–2015



Source: Data for Global Share of Employed Person in 2015 from International Labour Organization (ILO), Key Indicators of the Labour Market, December 2016; Data for Market Size of Global Recruitment Services Industry, 2011–2015 by Frost & Sullivan; CAGR calculated by Frost & Sullivan

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



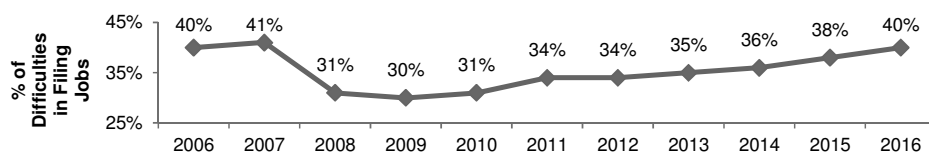
Note: ILO has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the Singapore Exchange Securities Trading Limited, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

1.3 KEY DEMAND DRIVERS FOR THE GLOBAL PROFESSIONAL RECRUITMENT SEGMENT

A tight labour market drives the need for professional recruitment

Over the past 10 years, an increasing tight labour market has increased the difficulties for employers to recruit, as the competition for suitable candidates is intense. 40% of the 42,000 employers surveyed by Manpower Group reported such difficulties in 2016¹, with three out of five countries with the highest recruitment difficulties are in Asia. A tight labour market also provides the opportunity for employees to move into new roles more easily, resulting in a higher employee turnover rate. This drives the value of professional recruitment services provided by recruitment agencies.

Chart 1-2: Percentage of Employers Reporting Difficulties in Filling Jobs, Global, 2006–2016



Source: Manpower Group, "Talent Shortage Survey 2016", found in (<http://manpowergroup.com/talent-shortage-2016>) as extracted on 20 February 2017

Note: Manpower Group has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

¹ Manpower Group, "Talent Shortage Survey 2016", found in (<http://manpowergroup.com/talent-shortage-2016>) as extracted on 20 February 2017

Note: Manpower Group has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



Skills mismatch and anticipated labour shortages globally drive the need for recruitment agencies to fill specialised positions

Talent shortage is a growing global trend as companies and economies compete for talent to ensure sustained growth. This in turn drives the demand for professional recruitment services. According to the 2015 Talent Shortage Survey by Manpower Group², a lack of technical competencies is the top reason for companies facing hiring difficulties in Asia, Europe and the Middle East and the second biggest reason in America. Moving forward, the trend is expected to intensify, as the retirement of baby boomers impacts the workforce size and quality in the majority of advanced countries. Talent shortages and skill mismatch thus present opportunities for recruitment agencies with strong network and large candidate database to offer solutions to help companies fill their specialised and professional positions.

Recruitment agencies offer cost-efficient hiring solutions

Specialising in the recruitment process and leveraging economies of scale, hiring processes are made more efficient by agencies compared to being conducted internally. Recruitment costs not only include the salaries of potential recruits, but also other costs incurred in the hiring process such as for advertising, time of the internal HR employee for resume screening and reviews, interviews, pre-employment checks and various assessment tests can be significantly higher than the fixed fee charged by recruitment services providers.

Recruitment agencies can combine human intervention with information technology to improve efficiency and success rates

With the increasing use of technology in HR services, human intervention remains an important value addition that can only be provided by recruitment agencies. Human intervention such as keeping abreast with market trends and movements, long-term relationship building with potential candidates, and character screening and profiling of candidates, improves efficiencies and achieves higher rates of hiring. Moreover, the emergence of social media and professional networking platforms such as Facebook, LinkedIn and JobStreet has expanded the pool of potential candidates, extending the reach of agencies from both from potential candidates and potential clientele perspectives.

Increasing complexity of employment regulations

Employment policies are always changing in order to create fair and equal hiring grounds and working environments. As such, Governments in charge of creating or changing these policies are driven to protect the interests of businesses and employees alike. However, these policy changes are not always so straight-forward; in the interest of protecting other parties, stipulations are provided to allow certain parties to be exempted from current rulings. A strong knowledge of employment laws can help clarify nuances in regulations. Companies and jobseekers will turn to recruitment firms where consultants are particularly knowledgeable in this field so that they can easily understand what is required to hire or be hired.

² Manpower Group, "Talent Shortage Survey 2015", found in (<http://www.manpowergroup.com/talent-shortage-2015>) as extracted on 20 February 2017

Note: Manpower Group has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

1.4 KEY DEMAND DRIVERS FOR THE GLOBAL FLEXIBLE STAFFING SEGMENT

Hiring organisations are becoming more sensitive to economic volatility and regulatory requirement

Flexible staffing services offer flexibility to organisations to better manage their workforce structure and composition in keeping with fluctuations in the workload. This helps them to minimise costs and achieve a leaner organisational structure. Flexible staffing also enables companies to adjust the staffing level during business cycles more efficiently. Furthermore, as more countries are moving towards prioritisation for local workforce, hiring organisations are likely to seek more support from third party outsourcing to secure the necessary skill set within the limited pool of skilled workforce. Simultaneously, the outsourcing of flexible staffs also provides the advantage for hiring organisations to comply with the local-to-foreigner employee ratios under their local labour laws and regulations.

A flexible staffing arrangement enables companies to recruit workers with specialised skills

With the utilisation of flexible staffing arrangement, companies can recruit workers with specialised skillsets without long-term investment in a full-time employee. This provides them with the flexibility to expand their businesses and project portfolios in a cost-effective manner.

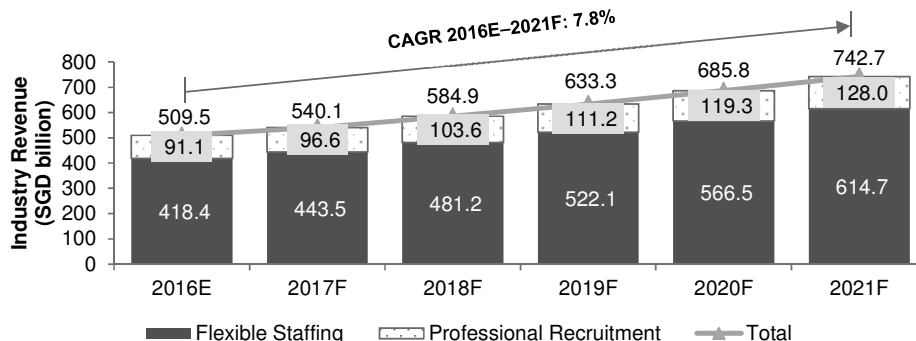
Preference towards becoming a flexible workforce

As a result of the growing versatility in skill sets, employees are generally able to undertake jobs that offer higher flexibility, higher chance of working in a diversity of industries, rather than fixating their employment on a permanent basis. For example, Millennials that choose flexible staffing over professional recruitment option appreciate the flexibility that flexible staffing option could offer for them to enjoy work-life balance and family life. On the other hand, retiring or retired baby boomers could benefit from the income and flexibility by joining extended workforce through flexible staffing option.

1.5 INDUSTRY OUTLOOK AND PROSPECTS

Frost & Sullivan expects that the recruitment industry to grow at a CAGR of 7.8% from SGD509.5 billion in 2016 to SGD742.7 billion in 2021. The trend of organisations seeking leaner structures, greater adaptability to business cycles, and opportunities to acquire special skilled workforce is also expected to drive the demand for flexible staffing services, which leads to higher growth in flexible staffing segment compared to professional recruitment segment. In line with high expected GDP growth, Asia-Pacific region is expected to take the lead in the global recruitment industry growth at CAGR of 9.4% from 2016 to 2021 as its real GDP is forecast to grow fastest among all regions, compared to Northern America and Europe at CAGR of 6.3% and 5.9% respectively in the same period. Frost & Sullivan opines that presence of HRnetGroup Limited's (HRnetGroup) in a few countries within the growing Asia region puts the group in a strategic position to ride on the up trending wave of the recruitment industry.

Chart 1-3: Market Size of Global Recruitment Services Industry, 2016E –2021F



Source: Frost & Sullivan Analysis

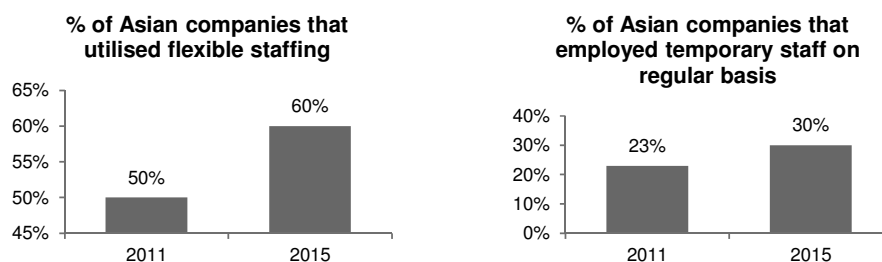
APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



2 OVERVIEW OF THE RECRUITMENT SERVICES INDUSTRY IN ASIA

Collectively, Asian countries host a large labour population that contributed about 47% of the total global labour population in 2015, with a relatively younger workforce demographic profile compared to the developed western countries. Despite having a larger and younger workforce, Asian countries in general experience the shortage of qualified and skilled workforce as illustrated by their lower rankings in Global Talent Competitiveness Index and lower adult literacy rates compared to the developed countries. The fast growing economies in Asia are expected to spur increasing diversity in recruitment needs to attract professionals with a broader range of backgrounds and skills to navigate the increasingly complex business and operational environment. These regional trends alongside increasing complexity in in-house recruitment processes lead to a growing talent gap and challenges in recruitment. This in turn drives the need for recruitment services from third-party service providers. Furthermore, in an increasingly competitive business environment, organisations in Asia need to manage their workforce cost-efficiently. This drives the demand for flexible staffing services, as evidenced by an increasing trend of utilisation of flexible staffing services by companies in Asia.

Chart 2-1: Percentage of Asian Companies that Utilised Flexible Staffing and Employed Temporary Staff on a Regular Basis in 2011 and 2015



Source: Hays, Asia Salary Guide 2011 and 2016

Note: Hays has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

2.1 MARKET SIZE AND GROWTH TRENDS

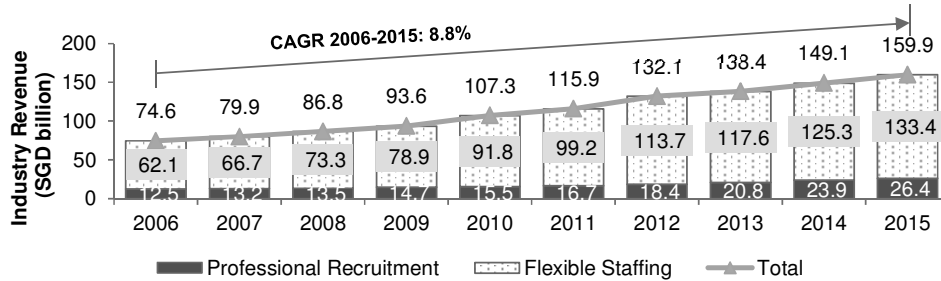
The professional recruitment and flexible staffing industry in Asia-Pacific has recorded a CAGR of 8.8% from SGD74.6 billion in 2006 to SGD159.9 billion in 2015, compared to HRnetGroup's revenue growth of 15.9% CAGR during the same period. Japan is estimated to have constituted the largest market share in the Asia-Pacific recruitment industry at 48.9% in 2015, largely contributed by its sizeable flexible staffing industry. Australia is estimated to constitute the second largest market share in the Asia-Pacific recruitment industry after Japan at 15.7%, followed by China at 12.8%, South Korea and India at 5.6% and 5.4% respectively.

The professional recruitment industry has recorded a CAGR of 8.7% from SGD12.5 billion in 2006 to SGD26.4 billion in 2015. Flexible staffing revenue is estimated to grow at a faster rate, recording a CAGR of 8.9% from SGD62.1 billion in 2006 to SGD133.4 billion in 2015. Higher growth in the flexible staffing industry compared to the professional recruitment industry is in line with a growing preference for flexible staffing among Asian companies.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

Chart 2-2: Professional Recruitment and Flexible Staffing Revenue via Recruitment Services in Asia-Pacific³, 2006–2015



Source: Frost & Sullivan Analysis

Chart 2-3: Professional Recruitment Revenue via Recruitment Services in Asia-Pacific by Region, 2016E–2021F

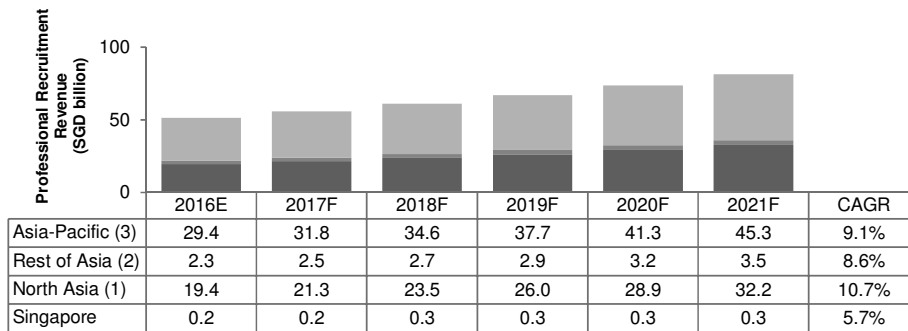
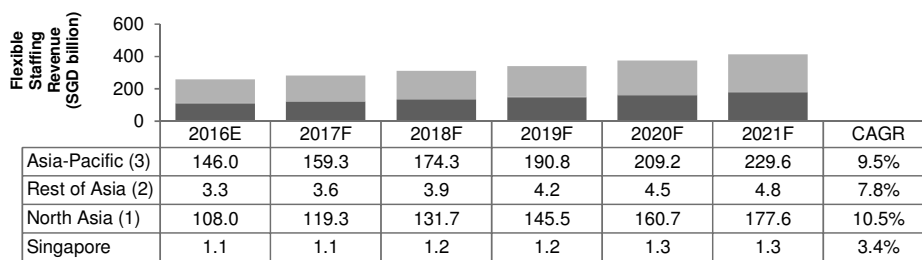


Chart 2-4: Flexible Staffing Revenue via Recruitment Services in Asia-Pacific by Region, 2016E–2021F



Source: Frost & Sullivan Analysis

Note:

- (1) North Asia comprises Hong Kong, Taiwan, China, Japan, and South Korea
- (2) Rest of Asia comprises of Malaysia and Thailand
- (3) Asia-Pacific comprises North Asia, Malaysia, Thailand, Australia, India, and Indonesia

³ Consists of Australia, New Zealand, China, Taiwan, Hong Kong, India, Japan, South Korea, Indonesia, Malaysia, Singapore, and Thailand

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



2.2 SUPPLY CONDITION AND COMPETITIVE LANDSCAPE TRENDS

Within the professional recruitment and flexible staffing industry, there are 21 key players⁴ with presence in Asia-Pacific that achieved an estimated annual revenue of SGD100 million and above in FY2016. Among these, HRnetGroup, which is ranked 2nd globally by EBITDA margin in Asia-Pacific operation and 13th globally by revenue, is the largest Asia-based recruitment agency in Asia-Pacific (excluding Japan).

⁴ Consist of public listed companies that present in countries where HRnetGroup has presence in. JAC Recruitment Asia Ltd. is a separate entity under JAC Recruitment Group

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

Table 2-1: Key Players⁵ with operations in Professional Recruitment or Flexible Staffing and have presence in Asia-Pacific

No.	Name	Country Origin	Country of Operation	Estimated Asia-Pacific Revenue in FY2016 (SGD mil)	Asia-Pacific Revenue as % of Global Revenue	Estimated Asia-Pacific Revenue in FY2016 (SGD mil)	Estimated Asia-Pacific EBITDA in FY2016 (SGD mil)	Estimated Asia-Pacific EBITDA Margin in FY2016	Countries of Operation in Asia-Pacific
1	JAC Recruitment	Japan		170	100.0%	N/M	58	34.1%	Japan
2	HRnetGroup	Singapore		365	100.0%	358	60	16.3%	Singapore, Malaysia, Greater China (Mainland China, Hong Kong & Taiwan), Japan, and South Korea
3	Meitec	Japan		1,059	100.0%	N/M	133	12.6%	Japan
4	Robert Half	United States		1,490	19.6%	N/A	175	11.8%	Australia, New Zealand, Japan, Mainland China, Singapore, and Hong Kong
5	PageGroup	United Kingdom		374	17.6%	N/A	37	9.9%	Australia, New Zealand, Greater China, Singapore, Malaysia, Thailand, India, and Indonesia
6	TechnoPro	Japan		1,111	100.0%	N/M	104	9.4%	Japan and Mainland China
7	JAC Recruitment Asia	Singapore		49	100.0%	49	4	8.1%	Singapore, Malaysia, South Korea, India, Mainland China, Hong Kong, Thailand, Vietnam, and Indonesia
8	Temp Holdings	Japan		5,758	89.8%	N/A	375	6.5%	Australia, New Zealand, Japan, Greater China, South Korea, Singapore, Vietnam, Indonesia, Malaysia, Thailand, and India
9	Korn Ferry	United States		271	13.9%	N/A	17	6.4%	Australia, New Zealand, Greater China, Singapore, Malaysia, Thailand, India, and Indonesia, South Korea, Japan, and Vietnam
10	Heidrick & Struggles	United States		123	14.2%	N/A	7	5.6%	Australia, Mainland China, India, Japan, South Korea, Singapore, and Thailand
11	Recruit Holdings	Japan		5,093	46.5%	N/A	284	5.6%	Australia, Japan, Mainland China, Singapore, Hong Kong, Malaysia, India, and Vietnam

⁵ Consist of public listed companies that present in countries where HRnetGroup has presence in, JAC Recruitment Asia Ltd. is a separate unlisted entity under JAC Recruitment Group (but not consolidated under JAC Recruitment Co., Ltd), focusing mainly on ex-Japan overseas recruitment business

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

No.	Name	Country of Origin	Estimated Asia-Pacific Revenue in FY2016 (SGD mil)	Asia-Pacific Revenue as % of Global Revenue	Estimated Asia-Pacific Revenue in FY2016 (SGD mil)	Estimated Asia-Pacific EBITDA in FY2016 (SGD mil)	Estimated Asia-Pacific EBITDA Margin in FY2016	Countries of Operation in Asia-Pacific
12	Hays	United Kingdom	1,637	21.7%	360	89	5.5%	Australia, New Zealand, Japan, Mainland China, Singapore, Hong Kong, Malaysia, and India
13	Robert Walters	United Kingdom	620	34.9%	N/A	26	4.2%	Australia, New Zealand, Japan, Greater China, Singapore, Indonesia, Malaysia, Vietnam, and Philippines
14	Adecco	Switzerland	6,028	17.5%	3,486	233	3.9%	Australia, New Zealand, Japan, Greater China, Singapore, South Korea, Malaysia, Thailand, India, and Vietnam
15	Manpower Group	United States	3,576	12.6%	1,538	128	3.6%	Australia, New Zealand, Japan, Greater China, Singapore, South Korea, Macau, Malaysia, Thailand, India, Vietnam, and Philippines
16	Kelly Services	United States	273	3.6%	N/A	8	3.0%	Australia, New Zealand, Mainland China, Singapore, South Korea, Philippines, Hong Kong, Malaysia, Thailand, India, and Indonesia
17	Pasona	Japan	2,800	99.6%	N/A	60	2.1%	Japan, Greater China, Singapore, South Korea, Indonesia, Malaysia, Thailand, India, and Vietnam
18	Randstad	Netherlands	2,801	8.9%	1,120	56	2.0%	Australia, New Zealand, Japan, Mainland China, Singapore, Hong Kong, Malaysia, and India
19	Hudson	United States	343	56.0%	N/A	-1	-0.1%	Australia, New Zealand, Mainland China, Hong Kong, and Singapore
20	Clarius	Australia	192	100.0%	11	-1	-0.6%	Australia, New Zealand, Mainland China, Hong Kong, Singapore
21	Rubicon	Australia	215	100.0%	4	-4	-1.7%	Australia, New Zealand, Singapore, Hong Kong

Note: Only public listed players that present in countries where HRnetGroup has presence in with estimated revenues of more than SGD100 million in Asia-Pacific in FY2016 are included in the list.

FY2015 for JAC Recruitment Asia as FY2016 financial report is not available as of April 2017

N/A for some companies as revenue breakdown into Australia and/or Japan is not available

N/M for some companies from Japan as revenue outside of Japan is not meaningful

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

Source: Information on JAC Recruitment: JAC Recruitment Annual Report 2016, last accessed in April 2017
 Information on HRnetGroup: HRnetGroup
 Information on Korn Ferry: Korn Ferry Annual Report 2016, last accessed in April 2017
 Information on PageGroup: PageGroup Annual Report 2016, last accessed in April 2017
 Information on Meitec: Meitec Annual Report 2016, last accessed in April 2017
 Information on Robert Half: Robert Half Annual Report 2016, last accessed in April 2017
 Information on TechnoPro: TechnoPro Annual Report 2016, last accessed in April 2017
 Information on JAC Recruitment Asia: JAC Recruitment Asia Annual Report 2015, last accessed in March 2017
 Information on Temp Holdings: Temp Holdings Annual Report 2016, last accessed in April 2017; Frost & Sullivan Analysis
 Information on Heidrick & Struggles: Heidrick & Struggles Annual Report 2016, last accessed in April 2017
 Information on Recruit Holdings: Recruit Holdings Annual Report 2016, last accessed in April 2017
 Information on Hays: Hays Annual Report 2016, last accessed in April 2017; Frost & Sullivan Analysis
 Information on Robert Walters: Robert Walters Annual Report 2016, last accessed in April 2017
 Information on Adecco: Adecco Annual Report 2016, last accessed in April 2017; Frost & Sullivan Analysis
 Information on Manpower Group: Manpower Group Annual Report 2016, last accessed in April 2017
 Information on Kelly Services: Kelly Services Annual Report 2016, last accessed in April 2017
 Information on Pasona: Pasona Annual Report 2016, last accessed in April 2017; Frost & Sullivan Analysis
 Information on Randstad: Randstad Annual Report 2016, last accessed in April 2017
 Information on Hudson: Hudson Annual Report 2016, last accessed in April 2017
 Information on Rubicor: Rubicor Annual Report 2016, last accessed in April 2017
 Information on Clarius: Clarius Annual Report 2016, last accessed in April 2017
 Note: currency conversion from respective companies' national currency to SGD by Frost & Sullivan

Note: Each of the aforementioned companies, except HRnetGroup has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

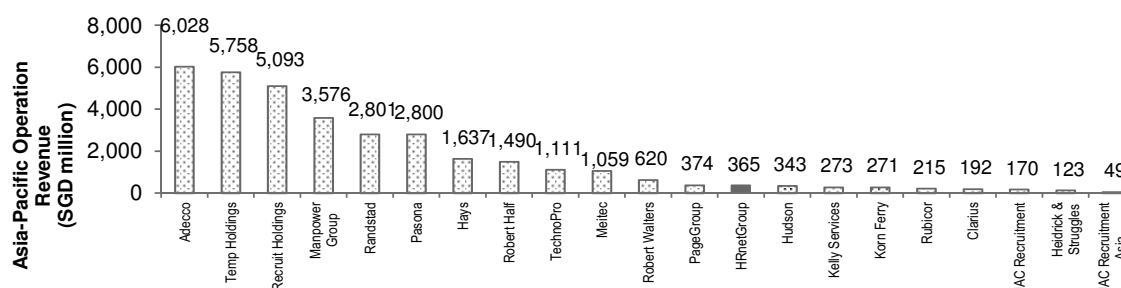
APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

Based on FY2016 revenue, the key players collectively constituted market share of about 20% in Asia-Pacific. Among these key players, HRnetGroup accounted for approximately 1.1%. The majority of key players are mainly associated with the flexible staffing industry, which made up the majority of the market size.

HRnetGroup is ranked 13th among these key players in the Asia-Pacific recruitment services industry based on revenue and ranked 10th based on profitability in FY2016⁶. Among these key players, it is the largest Asia-based recruitment agency in Asia-Pacific (excluding Japan), based on revenue.

Chart 2-5: Comparison of Revenue in the Asia-Pacific HR Services Industry among Key Players, FY2016



Sources:

Information on JAC Recruitment: JAC Recruitment Annual Report 2016, last accessed in April 2017

Information on HRnetGroup: HRnetGroup

Information on Korn Ferry: Korn Ferry Annual Report 2016, last accessed in April 2017

Information on PageGroup: PageGroup Annual Report 2016, last accessed in April 2017

Information on Meitec: Meitec Annual Report 2016, last accessed in April 2017

Information on Robert Half: Robert Half Annual Report 2016, last accessed in April 2017

⁶ Based on estimated revenue and EBITDA in Asia-Pacific operations in FY2016 obtained from companies' annual filings;

Information on JAC Recruitment: JAC Recruitment Annual Report 2016, last accessed in April 2017

Information on HRnetGroup: HRnetGroup

Information on Korn Ferry: Korn Ferry Annual Report 2016, last accessed in April 2017

Information on PageGroup: PageGroup Annual Report 2016, last accessed in April 2017

Information on Meitec: Meitec Annual Report 2016, last accessed in April 2017

Information on Robert Half: Robert Half Annual Report 2016, last accessed in April 2017

Information on TechnoPro: TechnoPro Annual Report 2016, last accessed in April 2017

Information on JAC Recruitment Asia: JAC Recruitment Asia Annual Report 2015, last accessed in March 2017

Information on Temp Holdings: Temp Holdings Annual Report 2016, last accessed in April 2017; Frost & Sullivan Analysis

Information on Heidrick & Struggles: Heidrick & Struggles Annual Report 2016, last accessed in April 2017

Information on Recruit Holdings: Recruit Holdings Annual Report 2016, last accessed in April 2017

Information on Hays: Hays Annual Report 2016, last accessed in April 2017; Frost & Sullivan Analysis

Information on Robert Walters: Robert Walters Annual Report 2016, last accessed in April 2017

Information on Adecco: Adecco Annual Report 2016, last accessed in April 2017; Frost & Sullivan Analysis

Information on Manpower Group: Manpower Group Annual Report 2016, last accessed in April 2017

Information on Kelly Services: Kelly Services Annual Report 2016, last accessed in April 2017

Information on Pasona: Pasona Annual Report 2016, last accessed in April 2017; Frost & Sullivan Analysis

Information on Randstad: Randstad Annual Report 2016, last accessed in April 2017

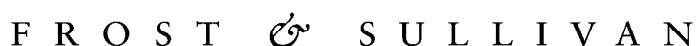
Information on Hudson: Hudson Annual Report 2016, last accessed in April 2017

Information on Rubicon: Rubicon Annual Report 2016, last accessed in April 2017

Information on Clarius: Clarius Annual Report 2016, last accessed in April 2017

Note: Each of the aforementioned companies, except HRnetGroup has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



Information on TechnoPro: TechnoPro Annual Report 2016, last accessed in April 2017

Information on JAC Recruitment Asia: JAC Recruitment Asia Annual Report 2015, last accessed in March 2017

Information on Temp Holdings: Temp Holdings Annual Report 2016, last accessed in April 2017; Frost & Sullivan Analysis

Information on Heidrick & Struggles: Heidrick & Struggles Annual Report 2016, last accessed in April 2017

Information on Recruit Holdings: Recruit Holdings Annual Report 2016, last accessed in April 2017

Information on Hays: Hays Annual Report 2016, last accessed in April 2017; Frost & Sullivan Analysis

Information on Robert Walters: Robert Walters Annual Report 2016, last accessed in April 2017

Information on Adecco: Adecco Annual Report 2016, last accessed in April 2017; Frost & Sullivan Analysis

Information on Manpower Group: Manpower Group Annual Report 2016, last accessed in April 2017

Information on Kelly Services: Kelly Services Annual Report 2016, last accessed in April 2017

Information on Pasona: Pasona Annual Report 2016, last accessed in April 2017; Frost & Sullivan Analysis

Information on Randstad: Randstad Annual Report 2016, last accessed in April 2017

Information on Hudson: Hudson Annual Report 2016, last accessed in April 2017

Information on Rubicor: Rubicor Annual Report 2016, last accessed in April 2017

Information on Clarius: Clarius Annual Report 2016, last accessed in April 2017

Note: Currency conversion from respective companies' national currency to SGD by Frost & Sullivan

Note: Each of the aforementioned companies, except HRnetGroup has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

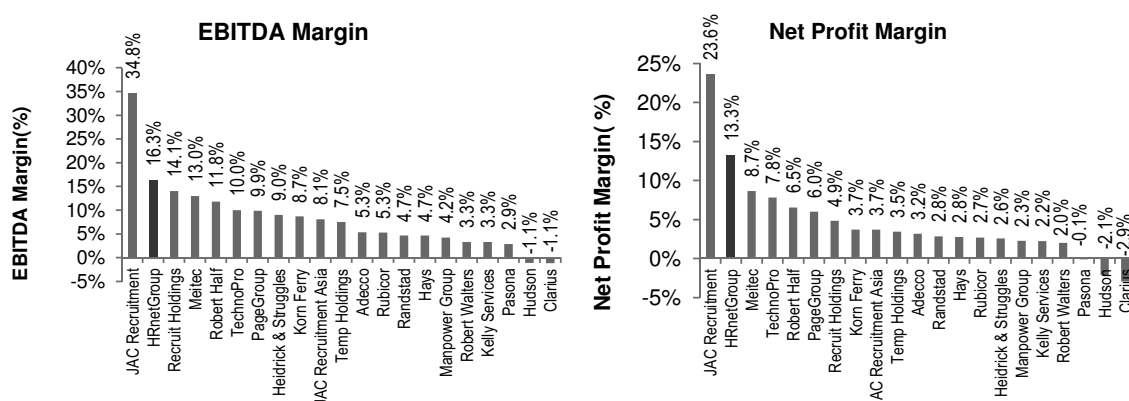
HRnetGroup has the highest earnings before interest, tax, depreciation, and amortisation (EBITDA) margin and net profit margin among key players in Asia ex-Japan in FY2016. It also has the second highest net profit per employee among these key players in FY2016 at SGD57,800. This underscores HRnetGroup's strong employee management and high productivity. In addition, it employs high percentage of fee earner⁷ compared to peers. This brings the Group to achieve highest growth in revenue and net profit (indexed from 2005) compared to the peers in the global recruitment services industry.

⁷ Denotes number of consultants divided by number of total staffs employed by the recruitment agency

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



Chart 2-6: Comparison of EBITDA Margin⁸ and Net Profit Margin⁸ among Key Players with Presence in Asia-Pacific, Last Twelve Months as of December 2016



Sources:

Information on JAC Recruitment: FactSet Database, last accessed in April 2017

Information on HRnetGroup: HRnetGroup

Information on Korn Ferry: FactSet Database, last accessed in April 2017

Information on PageGroup: FactSet Database, last accessed in April 2017

Information on Meitec: FactSet Database, last accessed in April 2017

Information on Robert Half: FactSet Database, last accessed in April 2017

Information on TechnoPro: FactSet Database, last accessed in April 2017

Information on JAC Recruitment Asia: JAC Recruitment Asia Annual Report 2015, last accessed in March 2017

Information on Temp Holdings: FactSet Database, last accessed in April 2017

Information on Heidrick & Struggles: FactSet Database, last accessed in April 2017

Information on Recruit Holdings: FactSet Database, last accessed in April 2017

Information on Hays: FactSet Database, last accessed in April 2017

Information on Robert Walters: FactSet Database, last accessed in April 2017

Information on Adecco: FactSet Database, last accessed in April 2017

Information on Manpower Group: FactSet Database, last accessed in April 2017

Information on Kelly Services: FactSet Database, last accessed in April 2017

Information on Pasona: FactSet Database, last accessed in April 2017

Information on Randstad: FactSet Database, last accessed in April 2017

Information on Hudson: FactSet Database, last accessed in April 2017

Information on Clarius: FactSet Database, last accessed in April 2017

Information on Rubicor: FactSet Database, last accessed in April 2017

Note: Each of the aforementioned companies, except HRnetGroup has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

⁸ Based on the financial statements for the 12 months ended 31 December 2016, save for financial statements of Pasona which are for the 12 months ended 28 February 2017, the financial statements for Korn Ferry which are for the 12 months ended 31 January 2017 and the financial statements for JAC Recruitment Asia which are for the 12 months ended 31 December 2015.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

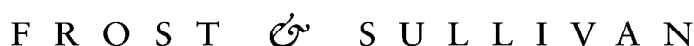
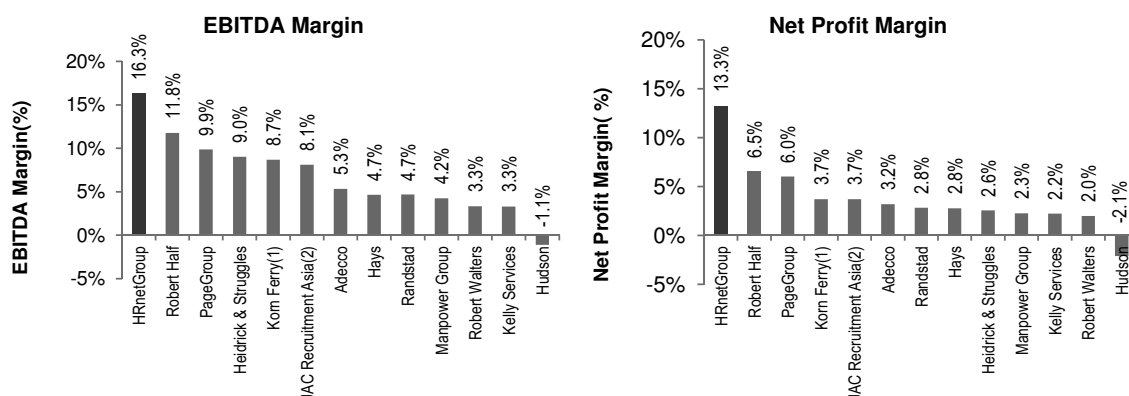


Chart 2-7: Comparison of EBITDA Margin and Net Profit Margin among Key Players with Presence in Asia ex-Japan, Last Twelve Months as of December 2016



Note (1): As of January 2017

(2): As of December 2015

Sources:

Information on HRnetGroup: HRnetGroup

Information on Korn Ferry: FactSet Database, last accessed in April 2017

Information on PageGroup: FactSet Database, last accessed in April 2017

Information on Robert Half: FactSet Database, last accessed in April 2017

Information on JAC Recruitment Asia: JAC Recruitment Asia Annual Report 2015, last accessed in March 2017

Information on Heidrick & Struggles: FactSet Database, last accessed in April 2017

Information on Hays: FactSet Database, last accessed in April 2017

Information on Robert Walters: FactSet Database, last accessed in April 2017

Information on Adecco: FactSet Database, last accessed in April 2017

Information on Manpower Group: FactSet Database, last accessed in April 2017

Information on Kelly Services: FactSet Database, last accessed in April 2017

Information on Randstad: FactSet Database, last accessed in April 2017

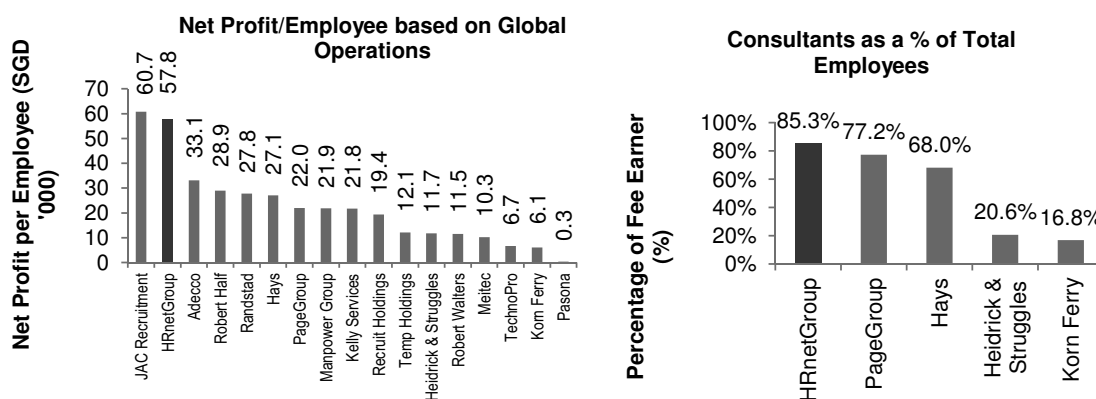
Information on Hudson: FactSet Database, last accessed in April 2017

Note: Each of the aforementioned companies, except HRnetGroup has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

Chart 2-8: Comparison of Net Profit per Employee⁹ and Percentage of Fee Earner among Key Players with Presence in Asia-Pacific¹⁰, FY2016



Sources:

Information on JAC Recruitment: JAC Recruitment Annual Report 2016, last accessed in April 2017

Information on HRnetGroup: HRnetGroup

Information on Korn Ferry: Korn Ferry Annual Report 2016, last accessed in April 2017

Information on PageGroup: PageGroup Annual Report 2016, last accessed in April 2017

Information on Meitec: Meitec Annual Report 2016, last accessed in April 2017

Information on Robert Half: Robert Half Annual Report 2016, last accessed in April 2017

Information on TechnoPro: TechnoPro Annual Report 2016, last accessed in April 2017

Information on Temp Holdings: Temp Holdings Annual Report 2016, last accessed in April 2017; Frost & Sullivan Analysis

⁹ Only includes other public listed key players within the professional recruitment and flexible staffing industry with presence in Asia Pacific that disclosed the total number of employees employed.

¹⁰ Only includes other public listed key players within the professional recruitment and flexible staffing industry with presence in Asia Pacific that disclosed both the number of consultants and the total number of employees employed in their annual reports for financial year 2016. Information on JAC Recruitment: JAC Recruitment Annual Report 2016, last accessed in April 2017

Information on HRnetGroup: HRnetGroup

Information on Korn Ferry: Korn Ferry Annual Report 2016, last accessed in April 2017

Information on PageGroup: PageGroup Annual Report 2016, last accessed in April 2017

Information on Meitec: Meitec Annual Report 2016, last accessed in April 2017

Information on Robert Half: Robert Half Annual Report 2016, last accessed in April 2017

Information on TechnoPro: TechnoPro Annual Report 2016, last accessed in April 2017

Information on Temp Holdings: Temp Holdings Annual Report 2016, last accessed in April 2017; Frost & Sullivan Analysis

Information on Heidrick & Struggles: Heidrick & Struggles Annual Report 2016, last accessed in April 2017

Information on Recruit Holdings: Recruit Holdings Annual Report 2016, last accessed in April 2017

Information on Hays: Hays Annual Report 2016, last accessed in April 2017; Frost & Sullivan Analysis

Information on Robert Walters: Robert Walters Annual Report 2016, last accessed in April 2017

Information on Adecco: Adecco Annual Report 2016, last accessed in April 2017; Frost & Sullivan Analysis

Information on Manpower Group: Manpower Group Annual Report 2016, last accessed in April 2017

Information on Kelly Services: Kelly Services Annual Report 2016, last accessed in April 2017

Information on Pasona: Pasona Annual Report 2016, last accessed in April 2017; Frost & Sullivan Analysis

Information on Randstad: Randstad Annual Report 2016, last accessed in April 2017

Note: Each of the aforementioned companies, except HRnetGroup has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



Information on Heidrick & Struggles: Heidrick & Struggles Annual Report 2016, last accessed in April 2017

Information on Recruit Holdings: Recruit Holdings Annual Report 2016, last accessed in April 2017

Information on Hays: Hays Annual Report 2016, last accessed in April 2017; Frost & Sullivan Analysis

Information on Robert Walters: Robert Walters Annual Report 2016, last accessed in April 2017

Information on Adecco: Adecco Annual Report 2016, last accessed in April 2017; Frost & Sullivan Analysis

Information on Manpower Group: Manpower Group Annual Report 2016, last accessed in April 2017

Information on Kelly Services: Kelly Services Annual Report 2016, last accessed in April 2017

Information on Pasona: Pasona Annual Report 2016, last accessed in April 2017; Frost & Sullivan Analysis

Information on Randstad: Randstad Annual Report 2016, last accessed in April 2017

Information on Hudson: Hudson Annual Report 2016, last accessed in April 2017

Information on Rubicor: Rubicor Annual Report 2016, last accessed in April 2017

Information on Clarius: Clarius Annual Report 2016, last accessed in April 2017

Note:

(1) Net profit per employee for Rubicor, Clarius, and Hudson are negative

(2) Information on employee number for JAC Recruitment Asia is not available

(3) Each of the aforementioned companies, except HRnetGroup has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

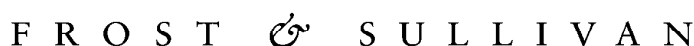
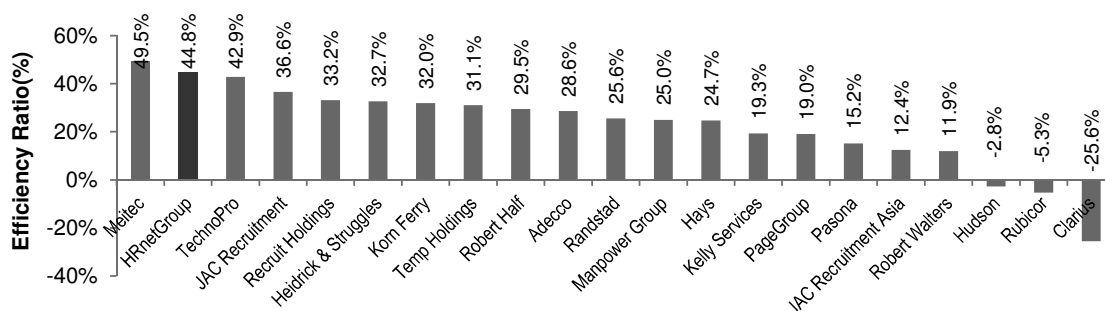


Chart 2-9: Comparison of Efficiency Ratio¹¹ among Key Players with Presence in Asia-Pacific¹², Last Twelve Months as of December 2016



Sources:

Information on JAC Recruitment: FactSet Database, last accessed in April 2017

Information on HRnetGroup: HRnetGroup

Information on Korn Ferry: FactSet Database, last accessed in April 2017

Information on PageGroup: FactSet Database, last accessed in April 2017

Information on Meitec: FactSet Database, last accessed in April 2017

Information on Robert Half: FactSet Database, last accessed in April 2017

Information on TechnoPro: FactSet Database, last accessed in April 2017

¹¹ Denotes EBITDA divided by gross profit. Based on the financial statements for the 12 months ended 31 December 2016, save for financial statements of Pasona which are for the 12 months ended 28 February 2017, the financial statements for Korn Ferry which are for the 12 months ended 31 January 2017 and the financial statements for JAC Recruitment Asia which are for the 12 months ended 31 December 2015.

¹² Information on JAC Recruitment: JAC Recruitment Annual Report 2016, last accessed in April 2017

Information on HRnetGroup: HRnetGroup

Information on Korn Ferry: Korn Ferry Annual Report 2016, last accessed in April 2017

Information on PageGroup: PageGroup Annual Report 2016, last accessed in April 2017

Information on Meitec: Meitec Annual Report 2016, last accessed in April 2017

Information on Robert Half: Robert Half Annual Report 2016, last accessed in April 2017

Information on TechnoPro: TechnoPro Annual Report 2016, last accessed in April 2017

Information on JAC Recruitment Asia: JAC Recruitment Asia Annual Report 2015, last accessed in March 2017

Information on Temp Holdings: Temp Holdings Annual Report 2016, last accessed in April 2017; Frost & Sullivan Analysis

Information on Heidrick & Struggles: Heidrick & Struggles Annual Report 2016, last accessed in April 2017

Information on Recruit Holdings: Recruit Holdings Annual Report 2016, last accessed in April 2017

Information on Robert Walters: Robert Walters Annual Report 2016, last accessed in April 2017

Information on Adecco: Adecco Annual Report 2016, last accessed in April 2017; Frost & Sullivan Analysis

Information on Manpower Group: Manpower Group Annual Report 2016, last accessed in April 2017

Information on Kelly Services: Kelly Services Annual Report 2016, last accessed in April 2017

Information on Pasona: Pasona Annual Report 2016, last accessed in April 2017; Frost & Sullivan Analysis

Information on Randstad: Randstad Annual Report 2016, last accessed in April 2017

Information on Hudson: Hudson Annual Report 2016, last accessed in April 2017

Information on Rubicon: Rubicon Annual Report 2016, last accessed in April 2017

Information on Clarius: Clarius Annual Report 2016, last accessed in April 2017

Note: Each of the aforementioned companies, except HRnetGroup has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

Information on JAC Recruitment Asia: JAC Recruitment Asia Annual Report 2015, last accessed in April 2017

Information on Temp Holdings: FactSet Database, last accessed in April 2017

Information on Heidrick & Struggles: FactSet Database, last accessed in April 2017

Information on Recruit Holdings: FactSet Database, last accessed in April 2017

Information on Hays: FactSet Database, last accessed in April 2017

Information on Robert Walters: FactSet Database, last accessed in April 2017

Information on Adecco: FactSet Database, last accessed in April 2017

Information on Manpower Group: FactSet Database, last accessed in April 2017

Information on Kelly Services: FactSet Database, last accessed in April 2017

Information on Pasona: FactSet Database, last accessed in April 2017

Information on Randstad: FactSet Database, last accessed in April 2017

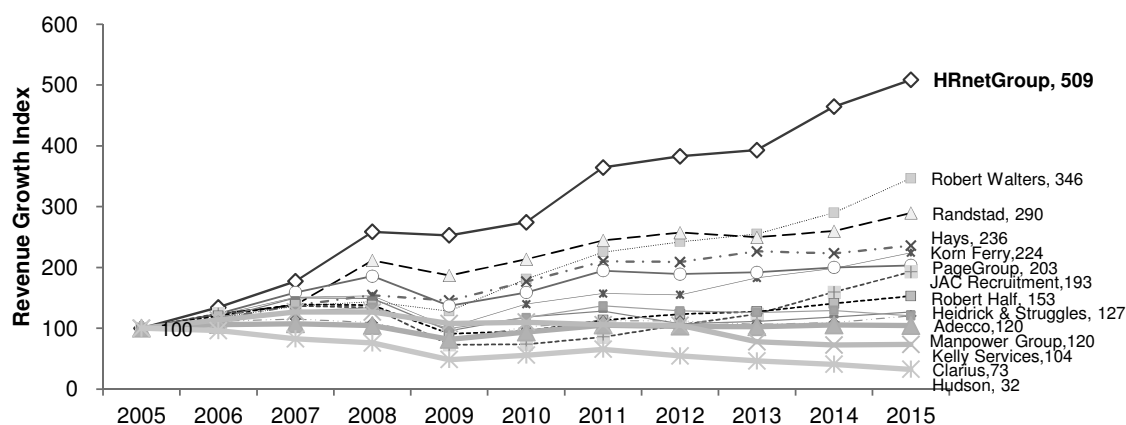
Information on Hudson: FactSet Database, last accessed in April 2017

Information on Clarius: FactSet Database, last accessed in April 2017

Information on Rubicor: FactSet Database, last accessed in April 2017

Note: Each of the aforementioned companies, except HRnetGroup has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Chart 2-10: Comparison of Revenue Growth among Key Players with Presence in Asia-Pacific¹³, 2005=100



Source: FactSet Database, last accessed in March 2017

Note: FactSet has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its

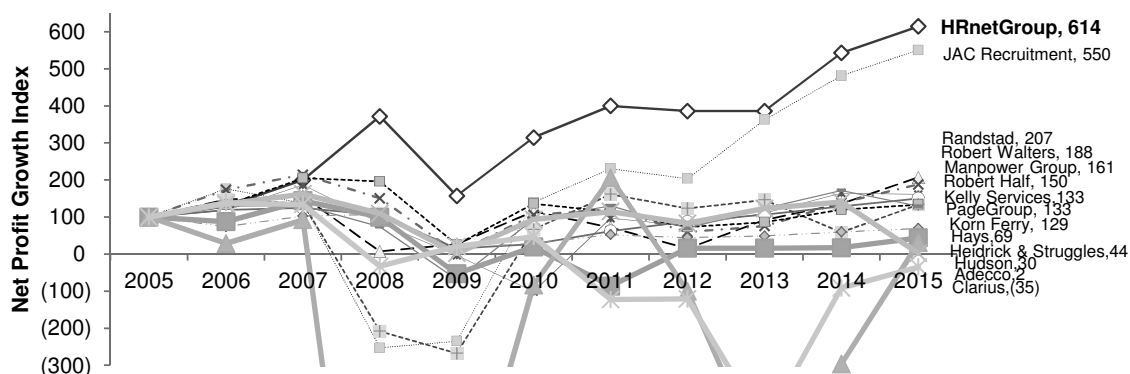
¹³ Include only public listed recruitment agencies that disclosed revenue since FY2005, as comparison with HRnetGroup; all financials are on a calendar year basis

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Chart 2-11: Comparison of Net Profit Growth among Key Players with Presence in Asia-Pacific¹⁴, 2005=100



Source: FactSet Database, last accessed in March 2017

Note: FactSet has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

2.3 INDUSTRY OUTLOOK AND PROSPECTS

The recruitment services industry in Asia-Pacific is projected to record a CAGR of 9.4%, growing from SGD175.4 billion in 2016 to SGD274.9 billion in 2021. The professional recruitment industry is projected to record a CAGR of 9.0% from SGD29.4 billion in 2016 to SGD45.3 billion in 2021. Meanwhile, the flexible staffing revenue is forecast to grow at a faster rate, recording a CAGR of 9.5% and growing from SGD146.0 billion in 2016 to SGD229.6 billion in 2021.

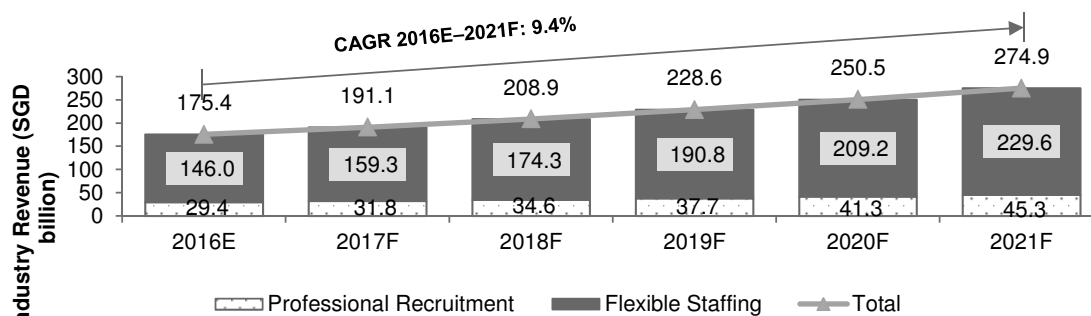
Specialised in sectors with high demand for recruitment services such as healthcare, technology, media and telecommunications, construction, and automotive, alongside few other major sectors such as finance, consumer, retail, legal, human resource, among others HRnetGroup has strategically established its presence in high growth and sizeable recruitment industry in the Asian region, namely Greater China, Japan, South Korea, Singapore, Malaysia, and Thailand. This puts HRnetGroup in a favourable position to navigate the growth of Asian recruitment industry in years ahead.

¹⁴ Include only public listed recruitment agencies that disclosed net profit since FY2005, as comparison with HRnetGroup; all financials are on a calendar year basis

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

Chart 2-12: Professional Recruitment and Flexible Staffing Revenue via Recruitment Services in Asia-Pacific¹⁵, 2016E–2021F



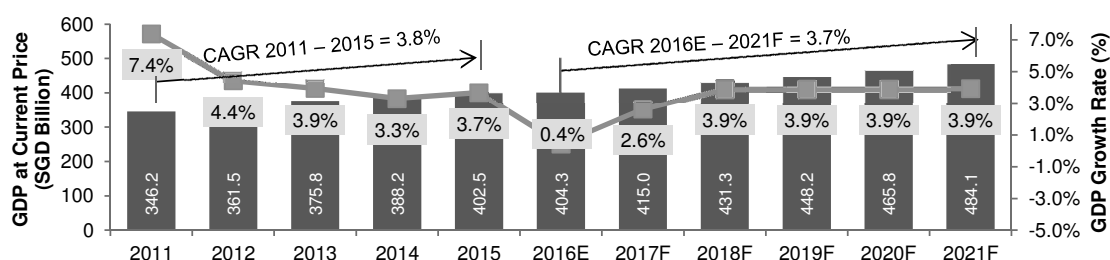
Source: Frost & Sullivan Analysis

3 ANALYSIS OF THE PROFESSIONAL RECRUITMENT INDUSTRY IN SINGAPORE

3.1 MACROECONOMIC CONDITIONS

Driven by the services sector, predominantly in the wholesale and retail trade as well as the finance and insurance sector, Singapore economy recovered from the slowdown that arose from the global financial crisis in 2010 and has been growing steadily between 3.3% and 4.4% from 2012 to 2015. Between 2016 and 2021, the Singaporean economy is expected to recover towards the long term nominal growth of 3.9% driven by increased government spending on welfare, health infrastructure and public transportation, as well as growth in household expenditure benefiting from lower inflation rate. Overall, real GDP growth remained weak at 1.8% while the number of jobs created declined by about 50% from 32,300 to 16,400.

Chart 3-1: Singapore GDP at Current Price and GDP Nominal Growth, 2011 – 2021F



Source: International Monetary Fund (IMF) World Economic Outlook Database, October 2016; CAGRs calculated by Frost & Sullivan

Note: IMF has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of

¹⁵ Consists of Australia, New Zealand, China, Taiwan, Hong Kong, India, Japan, South Korea, Indonesia, Malaysia, Singapore, and Thailand

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T S U L L I V A N

the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Employment in Singapore

As reported by the MOM, Singapore's total number of labour force has grown from 3,135,900 in 2010 to 3,610,600 in 2015¹⁶. The total labour force constituted 65.5% of Singapore's population (5.5 million) in 2015. The total number of employed persons grew from 3,047,200 in 2010 to 3,516,000 in 2015 at a CAGR of 2.9%, the number of employed residents showed an increasing trend from 1,962,900 in 2010 to 2,147,800 in 2015 at a CAGR of 1.8%.

As of September 2016, unemployment rate in Singapore is recorded at 2.1%, the highest rate since 2011. The unemployment rate is higher among residents¹⁷ which stood at 2.9% as at Q3 2016. This is predominantly due to 13,730 workers being retrenched in the first nine months of 2016, higher than 10,220 workers retrenched in 2015. This presents opportunities for recruitment agencies, as the unemployed workers may use their services for job placements.

Job Vacancies in Singapore

The number of annual job vacancies fluctuated between 37,800 in 2008 to 51,200 in 2016. Frost & Sullivan has estimated the number of job vacancies to grow gradually at a CAGR of 1.6% from 51,638 in 2017 to 55,111 in 2021. In 2016, job vacancies declined by 13.8% from the previous year, on the back of weak economic and employment conditions.

Employees' Turnover Rate in Singapore

Employment in all industries (except for construction) in Singapore grew from 2011 to 3Q2016, albeit at a differing rate. The employee resignation rate has maintained a level between mid-10 to mid-20 percent, which was driven by tight labour conditions over the past five years¹⁸.

3.2 DEMAND CONDITIONS

3.2.1 Market Size

In Singapore, 80% of jobseekers used recruitment agencies for job searching in 2015¹⁹. This resulted in about 60% of permanent job vacancies being filled by professional recruitment agencies²⁰. According to a

¹⁶ MOM, Labor Force in Singapore 2015

Note: MOM has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

¹⁷ Including Singaporeans and Permanent Residents

¹⁸ MOM, Labor Force in Singapore 2015

Note: MOM has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

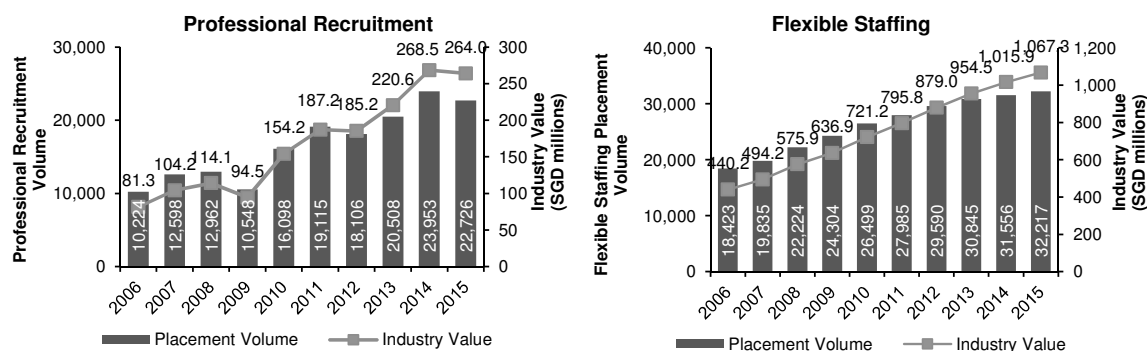
APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

2017 employment outlook survey²¹, about 30% of employers are planning to increase their staff headcounts and six out of ten are planning to hire more middle management level employees. According to Frost & Sullivan estimates, the professional recruitment industry revenue recorded a CAGR of 14.0% from SGD81.3 million in 2006 to SGD264.0 million in 2015.

Frost & Sullivan estimates the penetration rate of the flexible staffing industry to be about 1.5% of total employment opportunity in the past five years. The industry revenue has grown from SGD440.2 million in 2006 to SGD1,067.3 million in 2015, recording a CAGR of 10.3%.

Chart 3-2: Market Size of Singapore's Recruitment Services Industry, 2006-2015



Source: Frost & Sullivan Analysis

¹⁹ PageGroup Singapore, Employee Intentions Report 2015

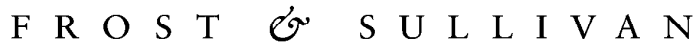
Note: PageGroup Singapore has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information..

²⁰ Based on Frost & Sullivan primary research with industry players

²¹ Michael Page, 2017 Forecast: 1 in 3 Companies in Singapore Expect to Increase Headcount

Note: Michael Page has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



3.2.2 Demand Drivers

Tight employment conditions and strong confidence in the labour market driving movement within labour force

According to the MOM²², there are 116 openings per 100 job seekers, which imply that recruitment demand continues to outpace the supply of workers in Singapore that leads to high job security. The Employee Intentions Report 2015 by PageGroup Singapore²³ noted that 80% of respondents have attended at least one interview in the last 12 months. ICT, accounting and finance, and sales and marketing are reported to be the three sectors that are most likely to witness a change of roles within the next 12 months.

Increasing recruitment demand via flexible staffing arrangement

Flexible staffing is getting increasingly popular among Singaporean employers with about 22% of them preferring the ongoing recruitment of temporary staff. For employees, this arrangement allows them the opportunity for a wider exposure to various skill-sets and industries.

Implementation of the Fair Consideration Framework

This act took effect in July 2014 and mandates hiring companies to advertise on a non-discriminatory basis, including but not limited to race and gender²⁴. This increases the time and costs of employers to review and filter resumes but does not significantly impact established recruitment agencies.

Tighter Government Policy on Hiring Foreigners

In 2016, MOM announced stricter regulations in hiring foreign workers as a measure to provide fair employment opportunities to Singaporeans. The Fair Consideration Framework requires employers to advertise their job openings on the national Job Bank for at least two weeks before submitting their

²² MOM, "Job Vacancies 2015" found in (<http://www.mom.gov.sg/newsroom/press-releases/2016/0203-job-vacancies-2015-report>) as extracted on 20 February 2017

Note: MOM has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

²³ PageGroup Singapore, Employee Intentions Report 2015

Note: PageGroup Singapore has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

²⁴ MOM Singapore: Fair Consideration Framework, November 2016

Note: MOM has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

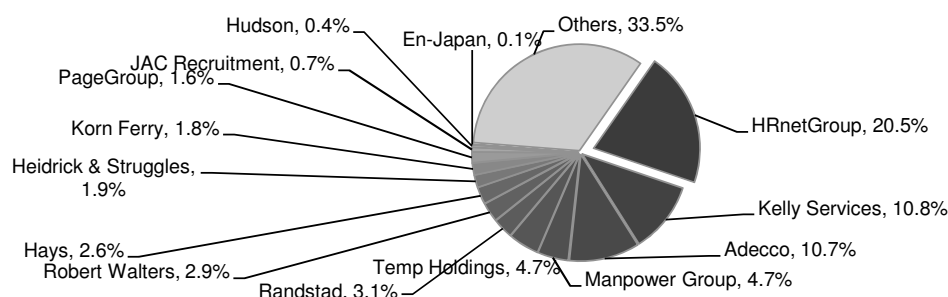
APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

Employment Pass applications. Agencies focused on placing local talents can benefit from this regulation as there is a higher possibility of securing jobs for local candidates.

3.2.3 Competitive Landscape

Chart 3-3: Market Share of Key Players in Singapore based on Revenue, 2015

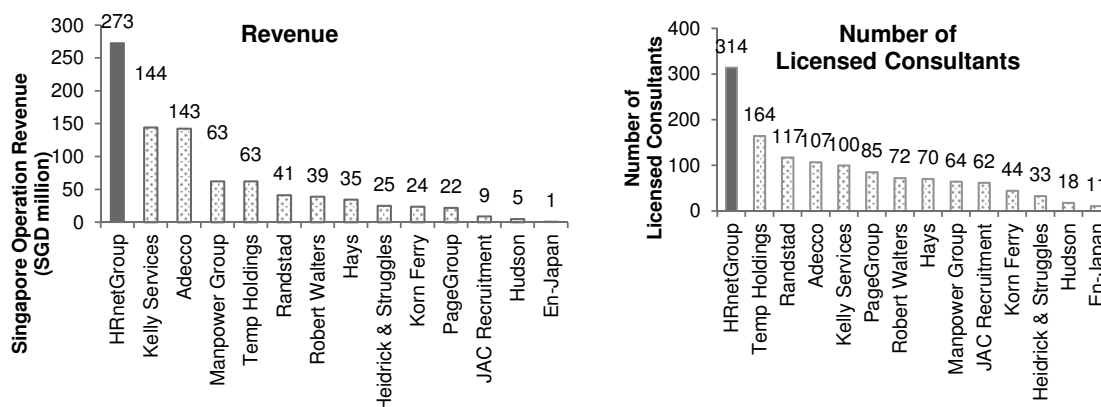


Note: Financial information of key players refer to Singapore-only operations

Source: Financial information of the aforementioned companies from Accounting and Corporate Regulatory Authority (ACRA), last accessed in March 2017; Market Size calculated by Frost & Sullivan

Note: ACRA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Chart 3-4: Comparison of Revenue and Number of Licensed Consultants (31 December 2016) in the Singapore Recruitment Services Industry among Key Players, FY2015²⁵



Source: Financial information of the aforementioned companies from ACRA²⁶, last accessed in March 2017; Data for Number of Licensed Consultants from EA Directory, Ministry of Manpower (MOM), last accessed in December 2016

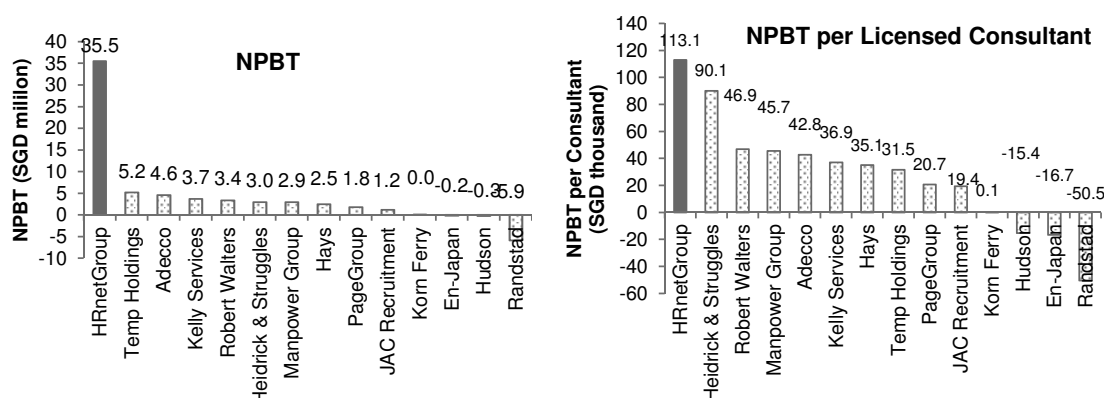
²⁵ Temp Holdings' metrics are based on Capita Pte Ltd, which is a wholly-owned subsidiary of Temp Holdings operating in Singapore.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

Note: Each of ACRA and MOM has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Chart 3-5: Comparison of NPBT and NPBT per Licensed Consultant²⁷ in the Singapore Recruitment Services Industry among Key Players, FY2015²⁵



Source: Financial information of the aforementioned companies from ACRA²⁶, last accessed in March 2017; Data for NPBT per consultant calculated by Frost & Sullivan

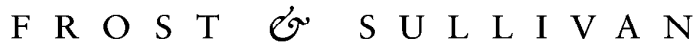
Note: ACRA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of

²⁶ Kelly Services, Adecco, Manpower Group, Temp Holdings, Randstad, Robert Walters, Hays, Heidrick & Struggles, Korn Ferry, PageGroup, JAC Recruitment, Hudson, and En-Japan are registered as Kelly Services (Singapore) Pte. Ltd., Adecco Personnel Pte. Ltd., Manpower Staffing Services (Singapore) Pte. Ltd., Capita Pte. Ltd., Randstad Pte. Ltd., Robert Walters (Singapore) Pte. Ltd., Hays Specialist Recruitment Pte. Ltd., Heidrick & Struggles Singapore Pte. Ltd., Korn/Ferry International Pte. Ltd., Michael Page International Pte. Ltd., JAC Recruitment Pte. Ltd., Hudson Global resources (Singapore) Pte. Ltd., En-World Singapore Pte. Ltd. in ACRA respectively.

²⁷ Only includes peers with operations in Singapore. Based on net profit before tax for FY2015 and number of licensed consultants as at 31 December 2016.

²⁸ Kelly Services, Adecco, Manpower Group, Temp Holdings, Randstad, Robert Walters, Hays, Heidrick & Struggles, Korn Ferry, PageGroup, JAC Recruitment, Hudson, En-Japan, are registered as Kelly Services (Singapore) Pte. Ltd., Adecco Personnel Pte. Ltd., Manpower Staffing Services (Singapore) Pte. Ltd., Capita Pte. Ltd., Randstad Pte. Ltd., Robert Walters (Singapore) Pte. Ltd., Hays Specialist Recruitment Pte. Ltd., Heidrick & Struggles Singapore Pte. Ltd., Korn/Ferry International Pte. Ltd., Michael Page International Pte. Ltd., JAC Recruitment Pte. Ltd., Hudson Global resources (Singapore) Pte. Ltd., En-World Singapore Pte. Ltd. in ACRA respectively.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

As per Frost & Sullivan estimates, the revenue of key industry players stood at SGD1,331.3 million in 2015. For 2015, HRnetGroup companies achieved revenue of approximately SGD273 million in Singapore, which was 47% higher than their nearest competitor in Singapore which achieved revenue of approximately S\$144 million in Singapore. HRnetGroup companies lead the industry with a share of 20.5%, followed by Kelly Services with 10.8% and Adecco with 10.7%. HRnetGroup companies consist of HRnetOne, Recruit Express, People Search, Recruit First, and Search Asia.

Based on the Employment Agencies (EA) directory²⁹, the number of licensed consultants of the 14 key players is 1,216 as of 31 December 2016. HRnetGroup has the largest number of licensed consultants (314 consultants), which is 48% more than its closest competitor, Capita Pte Ltd (a subsidiary of Temp Holdings), with 164 registered consultants.

Furthermore, HRnetGroup is by far the most profitable recruitment agency in Singapore. Its net profit before tax (NPBT) of SGD35.5 million is about seven times higher than its closest competitor, Temp Holdings recording an NPBT of SGD5.2 million. In terms of productivity, as measured by NPBT per consultant, HRnetGroup is the most productive agency in Singapore with an NPBT per consultant of SGD113,053 in 2015. This is about 25.5% higher than its closest competitor, Heidrick & Struggles, recording an NPBT per consultant of SGD90,101.

3.3 INDUSTRY CHALLENGE

Requirement for EAs to obtain the Certificate for Employment Intermediaries (CEI)

In April 2011, MOM introduced the new Employment Agency Licensing Framework to tackle unlicensed and errant EAs and enhance the industry's professionalism and accountability of all relevant stakeholders, among others. As a result, EAs are required to obtain the CEI to equip themselves with relevant knowledge of employment laws and regulations. Even though this initiative disqualifies existing EAs who are unable to fulfil compliance requirement from the industry, EAs who are non-proficient in English language also face challenges to pass the CEI test which is conducted in English. As a result, agencies face the prospects of losing their recruitment workforce due to the difficulties in obtaining licensing for the EAs.

²⁹ EA Directory, Ministry of Manpower (MOM), last accessed in December 2016

Note: EA Directory, Ministry of Manpower (MOM) has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

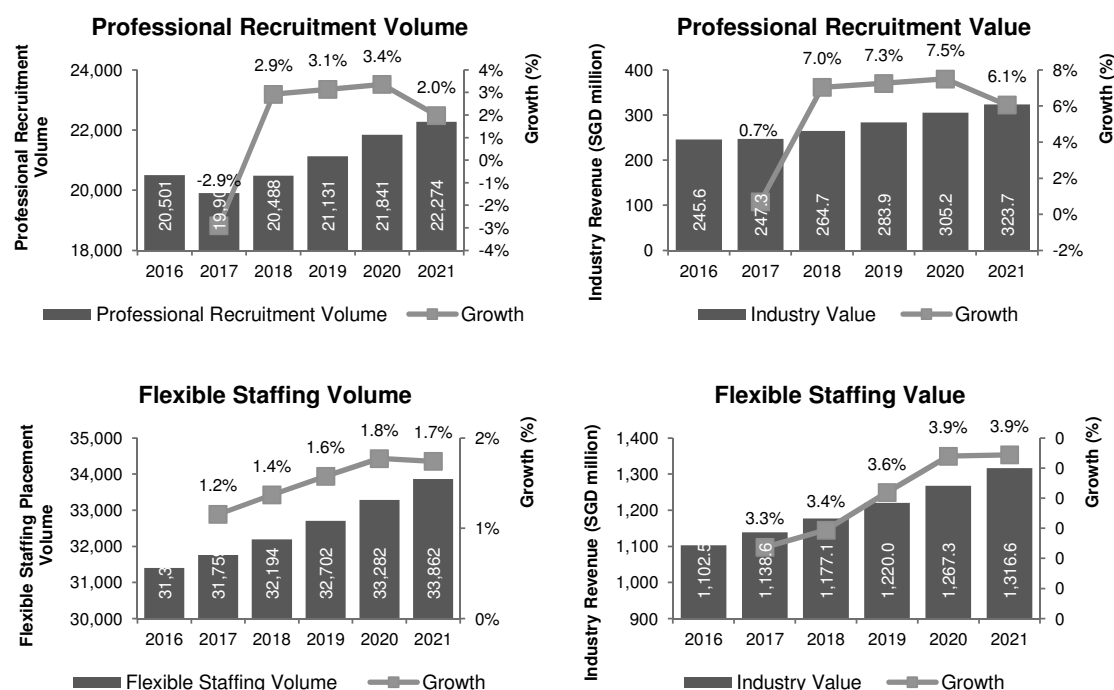
APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

3.4 INDUSTRY OUTLOOK AND PROSPECTS

A slowing economy in 2016 has resulted in softening labour market in Singapore, as the job vacancies averages at 51,167 for 3Q 2016 compared to 62,233 for the same period in previous year³⁰. The country's GDP is expected to continue growing modestly at 1-3% between 2017 and 2020, driven by the information and communications, healthcare services, public infrastructure, and education sectors fuelled by Government initiatives to boost investments. The recruitment services industry revenue in Singapore is expected to expand to SGD1.5 billion and SGD1.6 billion in 2019 and 2020 respectively. Among the industries, IT and finance industries are expected to showcase strong hiring, which require about 30,000 and 1,200 professionals respectively by the end of 2017. Tight labour market conditions and tighter policies in hiring foreigners are expected to drive the professional recruitment services industry. Frost & Sullivan believes that there will still be various factors driving the recruitment services industry in the country, including growing GDP, staff headcounts increase, tight labour market as well as tighter policies in hiring foreigners. Total industry revenue is expected to reach SGD1.64 billion by 2021, with the professional recruitment and flexible staffing segments expected to record a CAGR of 5.7% and 3.6% respectively between 2016 and 2021.

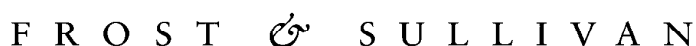
Chart 3-6: Market Size of Singapore's Recruitment Services Industry, 2016-2021



³⁰ MOM, Summary Table: Job Vacancy, last accessed in March 2017

Note: MOM has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



Source: Frost & Sullivan Analysis

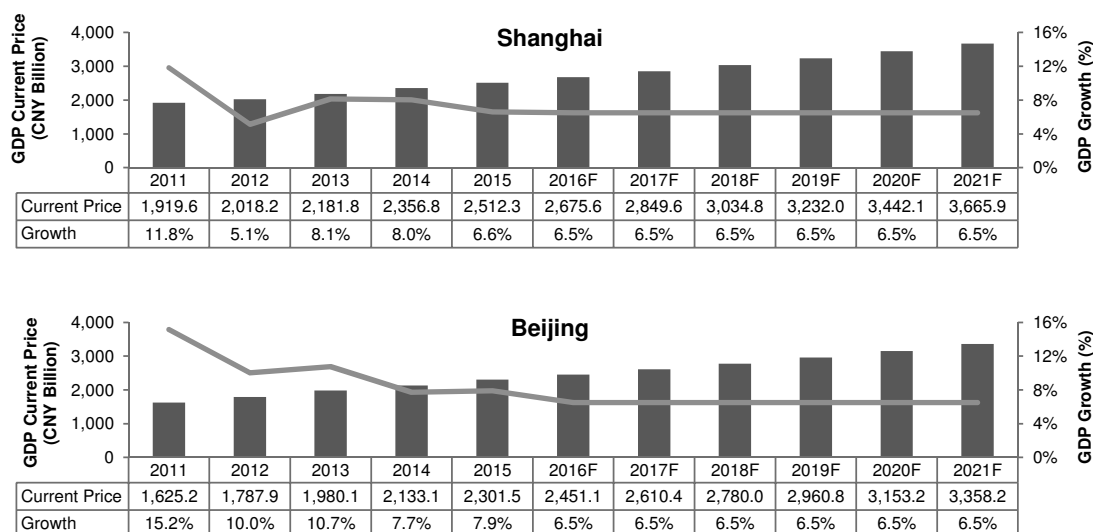
4 ANALYSIS OF THE RECRUITMENT SERVICES INDUSTRY IN GREATER CHINA

4.1 ANALYSIS OF THE RECRUITMENT SERVICES IN CHINA (FOCUSING ON SHANGHAI, BEIJING AND GUANGZHOU)

4.1.1 Macroeconomic Conditions

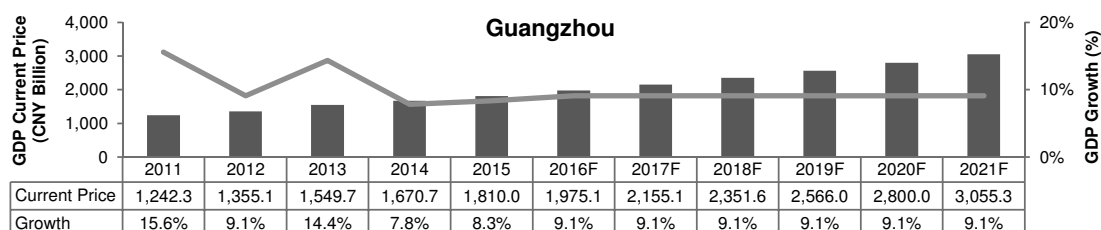
Shanghai, Beijing and Guangzhou are the three largest cities in China by GDP as of 2015. They recorded a CAGR of 7.0%, 9.1% and 9.9% respectively from 2011 to 2015. Subdued demand and the destabilising external environment resulted in the decrease of GDP growth from 11.8% in 2011 to 6.6% in 2015 for Shanghai. Their 13th Five Year Plan (FYP) targets to expand its nominal GDP from CNY2,675.6 billion (SGD553.0 billion) in 2016 to CNY3,665.9 billion (SGD757.7 billion) in 2021, maintaining an average GDP growth of 6.5% annually. Beijing's 13th FYP aims at doubling its GDP in 2020 compared to 2010. This leads to an estimated increase in Beijing's nominal GDP from CNY2,451.1 billion (SGD506.6 billion) in 2016 to CNY3,358.2 billion (SGD694.0 billion) in 2021 with the forecast GDP growth rate is expected to stabilise at 6.5% during this period. Finally, Guangzhou aims at strengthening its advantage in retail trading, transposition, and finance, targeting its GDP exceeding CNY2,800.0 billion (SGD578.7 billion) in 2020. Guangzhou's nominal GDP is forecast to increase from CNY1,975.1 billion (SGD408.2 billion) in 2016 to CNY3,055.3 billion (SGD631.5 billion) in 2021, with the GDP growth rate expected to surpass 9.0% during the 13th FYP period.

Chart 4-1: GDP at Current Price and GDP Constant Growth of Shanghai, Beijing, and Guangzhou, 2011–2021F



APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N



Source: National Bureau of Statistics of China, China Statistical Yearbook 2015; Forecast from 2016 onwards by Frost & Sullivan

Note: National Bureau of Statistics of China has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Employment in China

The total employed population of China expanded from 764.2 million in 2011 to 774.5 million in 2015 at a CAGR of 0.3%. The Government of China has implemented policies designed to improve public and private human resource services³¹, promote employment assistance services³², and encourage overseas Chinese workers to return to China for employment³³. These initiatives are expected to increase the

³¹ Ministry of Human Resources and Social Security of China, Opinions on Accelerating the Integration of Human Resources Market, April 2014

Note: Ministry of Human Resources and Social Security of China has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

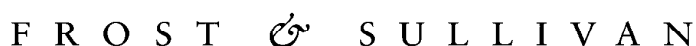
³² The State Council of the People's Republic of China, Law of the People's Republic of China on Promotion of Employment, August 2007

Note: The State Council of the People's Republic of China has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

³³ The State Council of the People's Republic of China, Full Text: China's Human Resources, September 2010

Note: The State Council of the People's Republic of China has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



country's employed population from 774.5 million in 2015 to 792.5 million in 2021, recording a CAGR of 0.4%.

Shanghai: Shanghai has the largest labour market in China, with its employed population surging from 11.0 million in 2011 to 14.8 million in 2015 at a CAGR of 7.7%, and constituted 61.1% of Shanghai's population of 24.2 million in 2015. Being the transportation hub of Central China, 6.4% of its total employed population, or 950,004 employees were engaged in the transportation, storage, and post sector. To serve the thriving real estate market driven by the rapidly growing permanent population (from 23.5 million in 2011 to 24.3 million in 2014), employment scale in the real estate sector was relatively high in 2015 (521,405 workers, constituting 3.5% of the total employed population).

Beijing: The total employed population in Beijing grew from 9.1 million in 2011 to 10.5 million in 2015, recording a CAGR of 3.7%, and constituted 48.4% of Beijing's population of 21.7 million in 2015. Due to the inflow of companies and labourers into the city, the Beijing Government proposed³⁴ to restrict new business in manufacturing, construction, wholesales, and educational sectors while urging the existing related businesses to relocate to neighbouring cities in the region including Tianjin. Key sectors with anticipated employment growth include information transmission, software and information technology services, transportation, storage and post, healthcare, and social work.

Guangzhou: Guangzhou registered a total employed population of 8.1 million at year-end 2015, increasing steadily at a CAGR of 2.2% from 7.4 million in 2011, and constituted 60.0% of Guangzhou's population of 13.5 million in 2015. The Guangzhou Government has been dedicated to developing the financial and business sector. With two new financial and business zones in the plan³⁵, an increasing number of employees in financial intermediation and leasing and business services is projected during the 13th FYP period.

Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

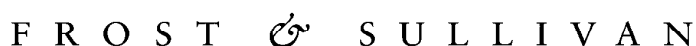
³⁴ Beijing Municipal Commission of Development & Reform, Catalogue of Prohibited and Restricted New Addition Industries, 2014

Note: Beijing Municipal Commission of Development & Reform has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

³⁵ The People's Government of Guangzhou Municipality, Regulatory Detailed Planning for Pazhou-Yuancun Region, last accessed in March 2017

Note: The People's Government of Guangzhou Municipality has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



Employment Rate

Beijing: Beijing has the highest employment rate among the three cities. It records a stable employment rate of 98.6%. The Beijing Government is focused on maintaining a high employment rate and is further increase the employment rate to 98.7% in 2021.

Shanghai: The employment rate in Shanghai declined slightly (from 96.5% in 2011 to 96.0% in 2012) due to volatility in the global financial market caused by the European debt crisis and fluctuating bulk commodity prices. Recovering from the economic crisis, the market need for employment is expected to stabilise with a moderate increase (to 96.2%) in 2021.

Guangzhou: The employment rate in Guangzhou remained at a relatively high level (97.6–97.9%) between 2011 and 2015. The Government will further improve on this with several initiatives by encouraging labour-intensive businesses and small and medium enterprises (SME) to absorb more workers, increasing job opportunities in non-profit organisations, and supporting the development of both public and private human resource management businesses. The employment rate in Guangzhou is expected to increase to about 98.0% by 2021, which is consistent with the Government's target of maintaining the employment rate above 96.5%.

Employee Turnover Rate

The employee turnover rate in China decreased from 18.1% in 2011 to 16.3% in 2013 due to lower hiring intention in Chinese corporates caused by economic slowdown, before rebounding to 17.7% in 2015, primarily driven by a rapidly expanding business sector in China and the pursuit for higher pay³⁶. Noticeably, turnover rates in tier one cities in China (Beijing, Shanghai, Guangzhou, and Shenzhen) were higher compared to other cities, with a ratio of 18.3% in 2015.

4.1.2 Demand Conditions

4.1.2.1 Market Size

Recruitment services witnessed significant growth from 2011 to 2015 in the major cities of China, which was caused by an expanding workforce, governmental support to attract foreign players into the industry, and constantly increasing employee turnover rates, especially in the tier-one cities of China. As a major financial and business centre, Shanghai recorded the highest revenue for recruitment services with an increase from SGD0.5 billion in 2011 to SGD2.0 billion in 2015 at a CAGR of 41.0%. Beijing recorded the second-highest revenue in 2015, from SGD0.4 billion in 2011 to SGD1.3 billion in 2015 at a CAGR of 35.7%. Finally, Guangzhou grew from SGD0.3 billion in 2011 to SGD0.8 billion in 2015 at a CAGR of 33.8%.

³⁶ China Daily, "Turnover up slightly in workplaces" found in (http://www.chinadaily.com.cn/china/2015-12/21/content_22758867.htm) as extracted on 20 February 2017

Note: China Daily has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

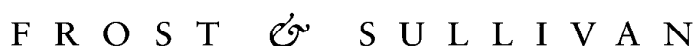
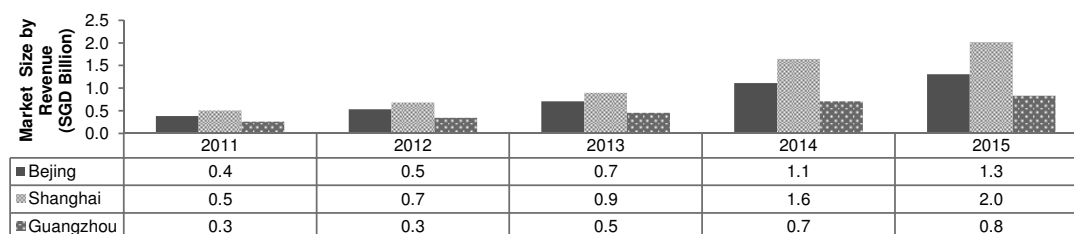
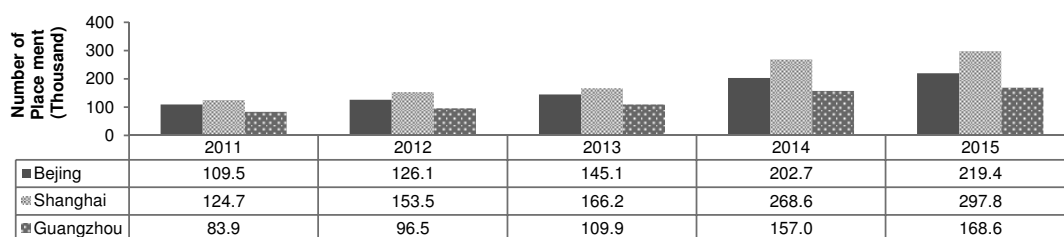


Chart 4-2: Market Size by Revenue of Professional Recruitment Services in Selected Cities in China, 2011-2015



Source: Frost & Sullivan Analysis

Chart 4-3: Market Size by the Number of Professional Recruitments through Professional Recruitment Services by City in China, 2011-2015



Source: Frost & Sullivan Analysis

Ongoing transformation of the service industry in Beijing, Shanghai, and Guangzhou has been driving the demand for the top-level executives, equipped with high-level professional or management skills in the tertiary industry. Specific requirements by both employers and employees drove the constant demand for recruitment services.

Service-related businesses in Beijing, Shanghai, and Guangzhou usually require professional and skilled workers at mid and executive levels. The traditional industry recorded the highest turnover rates at 20.9% and 19.6% in 2015³⁷ due to high separation rate as the industrial transformation as well as the impact of the thriving e-commerce business. About 19.8% and 19.1% of the employee turnover rates in finance-related and information and technology businesses were concluded in 2015³⁸, largely driven by the

³⁷ China Academy of Personnel Science, China Human Resource Blue Book 2016

Note: China Academy of Personnel Science has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

³⁸ China Academy of Personnel Science, China Human Resource Blue Book 2016

Note: China Academy of Personnel Science has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

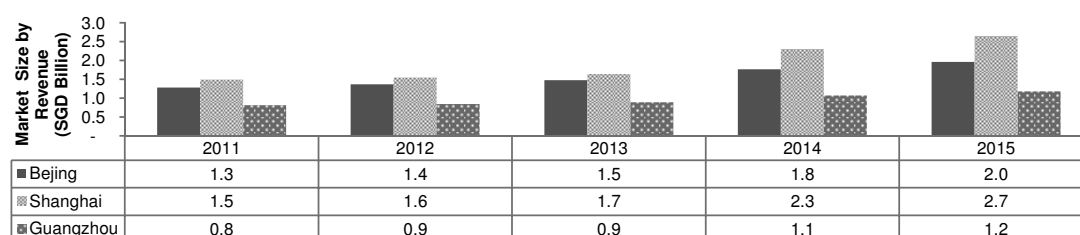
F R O S T & S U L L I V A N

growing need for experienced professionals to cope with the increasing challenges and opportunities presented by the rapidly growing financial and high-technology sectors. Furthermore, infrastructure investments in healthcare will increase, with the Governments also aiming at extending the geographic coverage of the suburb areas.

An increasing demand for top-level executives in the service industry in Beijing, Shanghai, and Guangzhou, coupled with their relatively high turnover rate, has driven the growing demand for human resource recruitment services. As a result, emerging and growing service sectors are considered as the main drivers of the human resource recruitment service market in the top three cities of China.

Shanghai has recorded rapid growth in terms of the total flexible staffing service revenue, which has increased from SGD1.5 billion in 2011 to SGD2.7 billion at a CAGR of 15.4%; the number of placements through flexible staffing service has increased simultaneously from 146.7 thousand in 2011 to 183.4 thousand in 2015 at a CAGR of 5.7%. Despite the slower growth of placements through flexible staffing services in Beijing from 145.6 thousand in 2011 to 153.3 thousand in 2015 due to the Beijing Government's restrictive policy on several industries³⁹ that prohibits new commercial development in downtown Beijing and new manufacturing facilities in the core and developing areas of the city, the total revenue of human resource companies from flexible staffing services grew from SGD1.3 billion in 2011 to SGD2.0 billion in 2015 at a CAGR of 11.1%. Guangzhou has the smallest market for flexible staffing among the three cities, with revenue of SGD1.2 billion in 2015 compared to SGD0.8 billion in 2011. Meanwhile, it is estimated that the number of placements through flexible staffing in Guangzhou has increased from 106.1 thousand in 2011 to 112.0 thousand in 2015, recording a CAGR of 1.4%.

Chart 4-4: Market Size by Revenue of Flexible Staffing Services in Selected Cities in China, 2011-2015



Source: Frost & Sullivan Analysis

the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

³⁹ Beijing Municipal Commission of Development & Reform, Catalogue of Prohibited and Restricted New Addition Industries, 2014

Note: Beijing Municipal Commission of Development & Reform has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

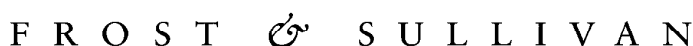
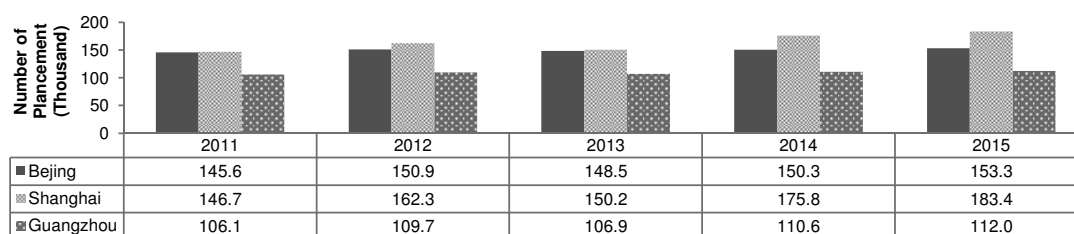


Chart 4-5: Market Size by the Number of Placements through Flexible Staffing Services by City in China, 2011-2015



Source: Frost & Sullivan Analysis

4.1.2.2 Key Demand Drivers

Need for top-level talent in the tertiary industry

The Government of China wants to target an increase in the GDP contribution from the tertiary industry from 50.5% in 2015 to 56.0% in 2020. Therefore, the demand for experienced and top-level professionals with management skills in the tertiary industry has increased. The recruitment services industry has thrived because they are needed to identify and assess qualified candidates with efficiency. This is especially true in financial services, leasing and business, scientific research and technical services industries.

Deceleration of working population growth driving the need for flexible workers to reduce operational costs

According to the National Bureau of Statistics in China⁴⁰, the proportion of the country's economically active population (aged 16 to 64) declined from 74.5% in 2010 to an estimated 73.1% in 2015. Due to continuous economic growth and an aging workforce, the growth of the country's economically active population has slowed, which resulted particularly in a shortage of labour for seasonal and professional jobs. As such, the need for flexible staffing services has been strengthened.

Policy support underpinning the growth of the human resource services market

Various policies have been implemented by the Government of China to encourage the growth of the human resources market. These include National Medium- and Long-Term Plan for Human Resource Development (2010-2020)⁴¹, Implementing Measures for Administrative Licensing for Labour Dispatch⁴² in

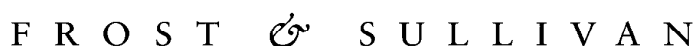
⁴⁰ National Bureau of Statistics of China, China Statistical Yearbook 2016

Note: National Bureau of Statistics of China has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

⁴¹ The State Council of the People's Republic of China, Full Text: China's Human Resources, September 2010

Note: The State Council of the People's Republic of China has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



2013, Opinions on Accelerating the Development of Human Resources Services⁴³ in 2014, among others. Government policies defining market standardisation and offering preferential treatment for human resource services companies are considered as one of the most critical drivers of the flourishing human resource market in China.

4.1.3 Competitive Landscape

In the late 1990s, a sizeable employed population and a more well-stipulated market environment in China has driven the continuous expansion of the human resource service market. This is true for major cities where the flourishing service sectors create a strong demand for skilled workers with experience. A highly fragmented market with a limited number of large players is caused by the thriving industry and a rapidly expanding market that has invited numerous local and foreign players.

Key Market Players of Recruitment Services in China

A majority of key market players in the Chinese market are foreign players that entered in the late 1990s as joint ventures. These players include, but are not limited to, FESCO Adecco, Hays, Manpower Group, HRnetGroup and PageGroup. On the other hand, local players have obtained their market share and reputation from a wealth of local resources and a profound knowledge of the market.

Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

⁴² Ministry of Human Resources and Social Security of China, Implementing Measures for Administrative Licensing for Labour Dispatch, June 2013

Note: Ministry of Human Resources and Social Security of China has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

⁴³ Ministry of Human Resources and Social Security of China, Opinions on Accelerating the Integration of Human Resources Market, April 2014

Note: Ministry of Human Resources and Social Security of China has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

Table 4-1: Key Market Players in Recruitment Services Industry in China, 2015

Company Name	Headquarter	Year of Entering China Market	No. of Office in China	Listing Location	Major Services in China
Bo Le Associate	Hong Kong	1996	8	N/A	Recruitment
Beijing Career International	China	1996	12	N/A	Recruitment, Flexible Staffing, Training
China International Intellectech Corporation	China	1987	28*	N/A	Recruitment, Flexible Staffing, Training, Software
FESCO Adecco	China (Joint-Venture)	2010	10	N/A	Recruitment, Flexible Staffing, Human Resource Outsourcing
Hays	United Kingdom	2007	4	LSE	Recruitment, Human Resource Outsourcing
HRnetGroup	Singapore	2006	4	N/A	Recruitment
Manpower Group	USA	1994	19	NYSE	Recruitment, Flexible Staffing, Dispatching
PageGroup	United Kingdom	2003	6	LSE	Recruitment, Recruitment Process Outsourcing
Randstad	Netherlands	2005	12	AEX	Recruitment, Recruitment Process Outsourcing, Dispatching
Robert Walters	United Kingdom	2007	3	LSE	Recruitment
VASTSEA Executive Search Profile	China	1999	34	N/A	Recruitment
Public Company on NEEQ, China					
Bluesea Group	China	2008	~30	NEEQ	Recruitment, Employee Welfare Service Outsourcing, Flexible Staffing
Zhitong Talent	China	1995	~20	NEEQ	Recruitment, Online recruitment platform, Recruitment Process Outsourcing, Training
Hebei Happy Work Human Resources	China	2001	~20	NEEQ	Recruitment, Flexible Staffing, Dispatching, Human Resource Outsourcing, Training

Note:

1. 'LSE' = London Stock Exchange; 'NYSE' = New York Stock Exchange; 'AEX' = Amsterdam Stock Exchange
2. Bo Le Associate was fully acquired by Recruit Holdings in 2013
3. China entity under PageGroup is registered as Michael Page (Shanghai) Recruitment Co., Ltd.
4. * Only the subsidiaries related to human resource services were counted.
5. Data was collected based on year 2015.
6. Country-level revenue data is not available.

Source: Frost & Sullivan Analysis

4.1.4 Industry Outlook and Prospects for Shanghai, Beijing and Guangzhou

Overall, China currently maintains the world's largest working population along with an improving economic performance. The recruitment services market is expected to maintain its robust growth since expansion in the 2000s. The Government currently seeks to provide support to recruitment services through recruiting technology and easing the entry barriers for recruitment service providers. By the end of 2020, it is estimated that 28.0% of China's total workforce will be comprised of high-skilled professionals.

Shanghai is projected to maintain its leading positions in terms of total revenue and volume of recruitment services in China from 2016 to 2021. Total revenue from professional recruitment services has been forecast to reach SGD6.0 billion in 2021, which is an increase from SGD2.1 billion in 2016 at a CAGR of 23.1%. Meanwhile, total revenue from flexible staffing services is expected to reach SGD5.4 billion in 2021 from SGD2.7 billion in 2016, at a CAGR of 15.4%. The Shanghai Government intends to further expand the capacity and capabilities of their professional services sectors. In order to do so, they have a target of soliciting 200 MNCs to establish regional headquarters in Shanghai – this will boost the demands for top or managerial-level talent in the city.

Shanghai's turnover rate is relatively high (approximately 18.5%) and hiring companies – new MNC's in particular – are showing interest in cost-effective solutions to find suitable local talent. Flexible staffing services are also becoming increasingly popular among SMEs as they have a lower retention rate.

Beijing is forecast for slower growth in recruitment services. The revenue for professional recruitment services is expected to rise from SGD1.5 billion in 2016 to SGD3.4 billion in 2021 with a CAGR of 17.9%. In keeping up with the continuous development of financial services and high-tech businesses, the demand for top-level professionals will continue to rise in the financial services, information transmission, software and information technology services, and leading and business services. As such the opportunity for recruitment services is likely to remain strong and stable. Demand expansion for recruitment services is also supported by the promotion of flexible staffing in the Beijing-Tianjin-Hebei integrated region. This is expected to remain steady, which establishes the business expansions of recruitment service providers in Beijing during the 13th FYP period.

Guangzhou is projected to experience favourable growth in the recruitment services industry from 2015 to 2021. The revenue of professional recruitment services is expected to grow from SGD1.0 billion in 2016 to SGD2.2 billion in 2021 at a CAGR of 18.5%. Meanwhile, the growth of Guangzhou's flexible staffing services is projected to grow from SGD1.3 billion in 2016 to SGD2.5 billion in 2021 at a CAGR of 13.8%. The Guangzhou municipal Government is on its way into establishing the city as an international transportation hub, an international trading hub, an international financial hub, and a national innovation hub during the 13th FYP. Market opportunities, thus, lie within sectors related to the city's needs for professional recruitment services. A high employee turnover rate has supported the expansion of flexible staffing services in Guangzhou, which will help the city cover potential intermittent labour shortages. To support the burgeoning recruitment services sector, the Government has implemented favourable measures that include subsidising expenses for recruitment services companies listed in the Shanghai Stock Exchange and Shenzhen Stock Exchange; provided funds for establishing industrial zones for human resources services; and financial rewards for successful recruitment from other cities as indicated in Guangzhou's 13th FYP.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

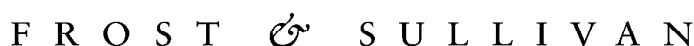
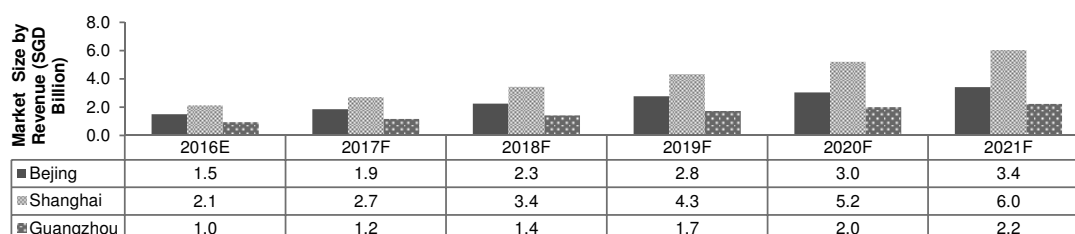
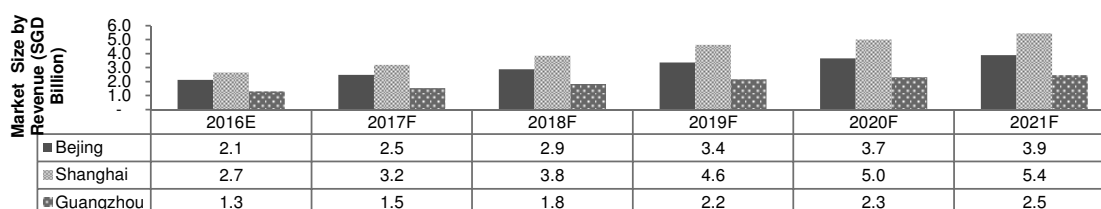


Chart 4-6: Market Size by Revenue of Professional Recruitment Service in Selected Cities in China, 2016E–2021F



Source: Frost & Sullivan Analysis

Chart 4-7: Market Size by Revenue of Flexible Staffing Services in Selected Cities in China, 2016E–2021F



Source: Frost & Sullivan Analysis

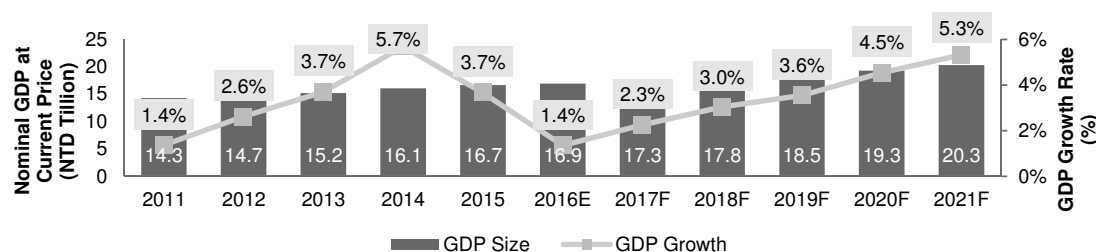
4.2 ANALYSIS OF THE RECRUITMENT SERVICES INDUSTRY IN TAIWAN (FOCUSING ON TAIPEI)

4.2.1 Macroeconomic Conditions

GDP and GDP Contribution

As one of the major economies in the Northern Asian region, Taiwan's nominal GDP recorded a growth from NTD14.3 trillion (SGD0.60 trillion) in 2011 to NTD16.7 trillion (SGD0.70 trillion) in 2015, recording a CAGR of 3.9%. According to IMF's estimates, Taiwan's GDP will record a CAGR of 3.7% from 2016 to 2021, reaching NTD20.3 trillion (SGD0.85 trillion) in 2021. After taking a dive from 5.7% in 2014 to 3.7% in 2015, Taiwan is expected to recover again with a forecast GDP growth from 1.4% in 2016 to 5.3% in 2021.

Chart 4-8: Taiwan Nominal GDP at Current Price and GDP Growth, 2011–2021F



Note: Due to limited resources, the Taiwanese Government does not provide city-level GDP data.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

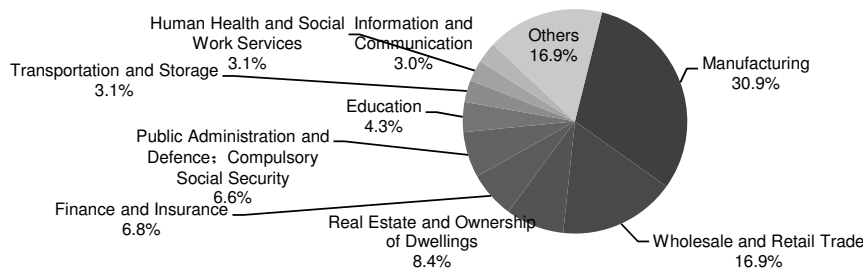
F R O S T & S U L L I V A N

Source: Data for 2011-2015 from National Statistics, Republic of China (Taiwan), Statistical Abstract of National Income, December 2016; Forecast from 2016 onwards by IMF World Economic Outlook Database, October 2016

Note: Each of National Statistics, Republic of China (Taiwan) and IMF has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

In 2015, the manufacturing sector (30.9%) contributed the most to Taiwan's GDP, followed by the wholesale and retail trade sector (16.9%), and then real estate ownership of dwellings (8.4%).

Chart 4-9: GDP Contribution by Industry, 2015



Note: Due to limited resources, the Taiwanese Government does not provide city-level GDP data.

Source: Data for 2011-2015 from National Statistics, Republic of China (Taiwan), Statistical Abstract of National Income, December 2016

Note: National Statistics, Republic of China (Taiwan) has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Employment in Taiwan

According the National Immigration Agency⁴⁴, the number of foreign residents in Taipei increased from 57,189 in 2012 to 60,827 in 2015. A high domestic and foreign population migration into Taipei has

⁴⁴ National Immigration Agency, Foreign Residents—by Nationality 2012 & 2015

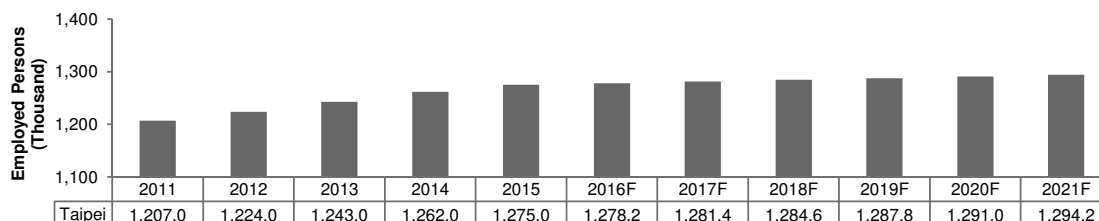
Note: National Immigration Agency has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

caused the total number of employed persons in Taipei to increase from 1,207,000 in 2011 to 1,275,000 in 2015 at a CAGR of 1.4%. The foreign population constituted 2.2% of Taipei's population of 2.7 million in 2015.

Chart 4-10: Total Number of Employed Persons in Taipei, 2011–2021F



Source: Department of Budget, Accounting and Statistics, Taipei City Government, Statistical Yearbook 2015; Forecast from 2016 onwards by Frost & Sullivan

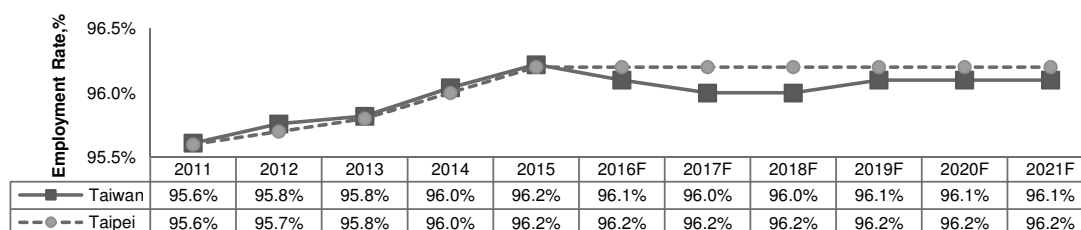
Note: Department of Budget, Accounting and Statistics, Taipei City Government has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Employment Rate

The employment rate in Taiwan increased from 95.6% in 2011 to 96.2% in 2015, which was driven by positive growth in the economy over the past few years. The IMF has forecast the employment rate to decline slowly from 96.2% in 2015 to 96.1% in 2021 because of an economic slowdown in China – a key trade partner of Taiwan.

In Taipei, the employment rate has increased from 95.6% in 2011 to 96.2% in 2015, due to the increasing number of job opportunities (a CAGR of 2.6% from 2011 to 2015) in this capital city.

Chart 4-11: Employment Rate in Taiwan, 2011–2021F



Source: Data for 2011-2015 from Department of Budget, Accounting and Statistics, Taipei City Government, Statistical Yearbook 2015; Forecast from 2016 onwards by IMF World Economic Outlook Database, October 2016

the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



Note: Each of Department of Budget, Accounting and Statistics, Taipei City Government and IMF has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

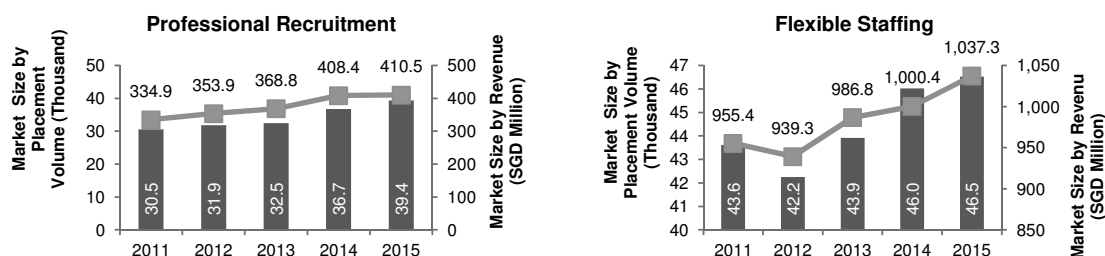
4.2.2 Demand Conditions

4.2.2.1 Market Size

The professional recruitment service market in Taipei has grown from SGD334.9 million in 2011 to SGD410.5 million in 2015 at a CAGR of 5.2%. This growth was mostly due to factors such as an increasing influx of foreign workers, expansion of downstream industries that create a demand for related talent, and emerging online recruitment platforms. The Taipei City Government reported a 1.7% drop in average disposable income per income recipient from NTD728,568 (SGD30,414) in 2014 to NTD716,499 (SGD29,910) in 2015.

Flexible staffing in Taiwan refers to flexible staffing and employee dispatch. With the advancement of technology and growing global economic competition, companies in Taipei are looking to reduce their operating costs by adopting flexible staffing and employee dispatch strategies. The total market revenue for flexible staffing services has increased from SGD955.4 million in 2011 to SGD1,037.3 million in 2015 at a CAGR of 2.1%.

Chart 4-12: Market Size of Recruitment Services in Taipei, 2011-2015



Source: Frost & Sullivan Analysis

4.2.2.2 Key Demand Drivers

Shortage of local talent increasing the need for professional human resource services

Due to more attractive career options offered in nearby cities and countries (such as China and Hong Kong), Taiwan is expected to face a serious talent shortage in 2021. This will then drive a growth in the recruitment industry as Taiwan seeks out foreign workers – the number of which has been rising from 2011 to 2015 at a CAGR of 8.4%.

Expansion of creative and knowledge sectors resulting in a growing demand for related talent

Expansion of downstream industries (such as financial sector, information and technology sector) is the main reason for workforce headcount increments in Taiwan. There is a demand for marketing professionals as companies increase their investments into the digital and e-commerce space.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

Growing interest in deploying human resource services

An increasing number of companies are adopting flexible staffing, contract employee, and project outsourcing services to reduce their operation costs. Therefore, the demand for flexible staffing in industries similar to administrative, secretarial and information technology will maintain their growth.

4.2.3 Competitive Landscape

The number of HR service companies grew from 2,878 in 2011 to 3,741 in 2015 at a CAGR of 6.8%. A majority of the market players in Taiwan focuses on recruitment for low- to mid-level positions. According to Workforce Development Agency⁴⁵, there are approximately 237 privately-registered employment services organisations that offer local and overseas HR services in Taipei in 2015.

A few recruitment services firms also offers an expansive range of services including HR solutions and global sourcing while some companies only focus on recruitment services. The latter enjoy a comparative advantage of better resource allocation in industry specialisation, which greatly enhances their industry knowledge and understanding of the demands of both employers and employees.

Table 4-2: Key Market Players of Recruitment Services in Taiwan

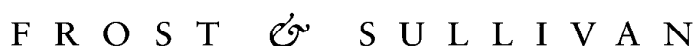
<i>Company Name</i>	<i>Headquarter</i>	<i>Year of Entering Taiwan Market</i>	<i>No. of Offices in Taiwan</i>	<i>Listing Location</i>	<i>Major Services in Taiwan</i>
Adecco	Switzerland	1999	5	N/A	Recruitment, Flexible Staffing, Human Resource Outsourcing
Bó Lè Associates	China	2010	1	N/A	Recruitment
HRnetGroup	Singapore	1997	1	N/A	Recruitment
Korn Ferry	USA	2015	1	NYSE	Recruitment
Manpower Group	USA	2003	6	NYSE	Recruitment, Flexible Staffing, Dispatching
PageGroup	United Kingdom	2011	1	LSE	Recruitment, Recruitment Process Outsourcing
Robert Walters	United Kingdom	1988	1	LSE	Recruitment
Pasona	Japan	1989	3	TYO	Recruitment, Human Resource Solution
Volt	USA	2010	1	N/A	Recruitment

Note:

1. 'LSE' = London Stock Exchange; 'NYSE' = New York Stock Exchange; 'TYO' = Tokyo Stock Exchange;
2. Taiwan entity under PageGroup is registered as Taiwan Michael Page International Co. Ltd.,

⁴⁵ Note: Workforce Development Agency has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



3. Data was collected based on year 2015;
4. Country level revenue data is not available

Source: Frost & Sullivan Analysis

4.2.4 Industry Outlook and Prospects for Taipei

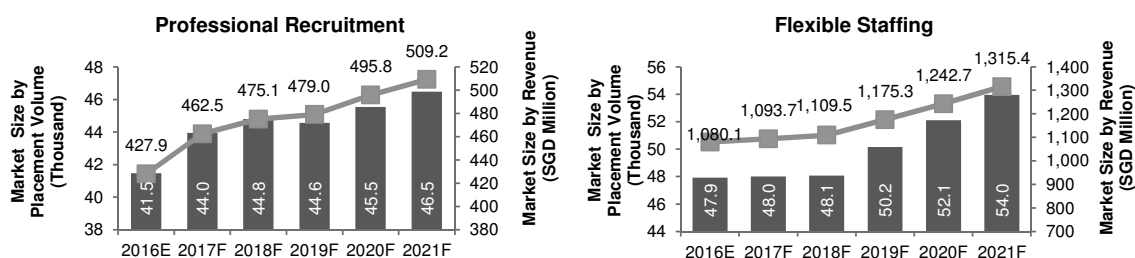
Moving forward, the growth momentum of the recruitment services industry is expected to be maintained by market drivers such as local skill shortage, growing interest in deploying HR services, and emerging online recruitment platforms.

The professional recruitment services market will make a recovery from 2016 onwards with a stronger growth over the next two years at growth rates of 5.3% and 6.0% in 2016 and 2017 respectively; the market revenue is expected to grow from SGD427.9 million in 2016 to SGD509.2 million in 2021 at a CAGR of 3.5%. As for flexible staffing, the expanding need for workforce flexibility and rising cost of labour in Taipei will provide growth to this particular industry. A gentle growth is to be expected with total market revenue rising from SGD1,080.1 million in 2016 to SGD1,315.4 million in 2021 at a CAGR of 4.0%.

Taiwan's economy is dependent on China and with China's 13th FYP target of doubling the country's GDP by 2020, the Taiwanese economy is also expected to recover from an economic recession while benefitting from the expanding Chinese market. A positive outlook for Taipei is its likelihood in increasing labour demand for high-calibre professionals across the city, outstripping their supply in the coming years.

Overall, Taiwan is projected to record a mild growth in the professional recruitment service market, which will be assisted by the improving business and industrial environment alongside Government policies. Recruitment agencies in Taiwan are also competing with talent attraction strategies which in turn, will attract industry professionals from around the world. Expect a positive outlook for Taipei's recruitment services from 2016 to 2021.

Chart 4-13: Market Size of Recruitment Services in Taipei, 2016E–2021F



Source: Frost & Sullivan Analysis

4.3 ANALYSIS OF THE RECRUITMENT SERVICES INDUSTRY IN HONG KONG

4.3.1 Macroeconomic Conditions

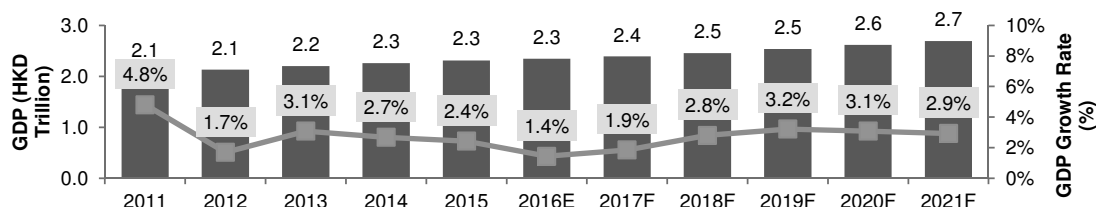
GDP and GDP Contribution

Hong Kong witnessed a GDP growth from HKD2.1 trillion (SGD0.37 trillion) in 2011 to HKD2.3 trillion (SGD0.40 trillion) in 2015 at a CAGR of 2.5%. Growth, however, slowed down from 4.8% in 2011 to 2.4% in 2015 and eventually hit a lowest at 1.7% in 2012; this was largely caused by weak external demand from the unsettled Euro debt crisis and fragile recovery of the major advanced economies. However, an increase from HKD2.3 trillion (SGD0.40 trillion) in 2015 to HKD2.7 trillion (SGD0.47 trillion) in 2021 at a CAGR of 2.6% is to be expected, according to IMF forecasts.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

Chart 4-14: Hong Kong GDP at Current Price and GDP Growth, 2011–2021F



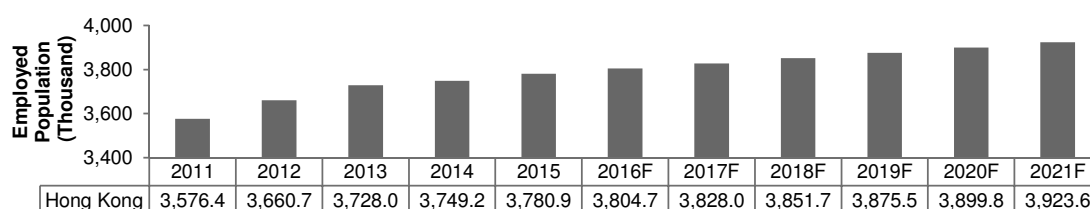
Source: Data from 2011-2015 and forecast from 2016-2021 from IMF World Economic Outlook Database, October 2016

Note: IMF has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Employment in Hong Kong

The number of people employed in Hong Kong has increased from 3.58 million in 2011 to 3.78 million in 2015 at a CAGR of 1.4% and constituted 51.8% of Hong Kong's population of 7.3 million people in 2015. However, a low birth rate has restricted Hong Kong's employment population to a CAGR of only 0.6% that will reach 3.92 million in 2021.

Chart 4-15: Total Employed Population in Hong Kong, 2011–2021F



Source: Census and Statistics Department Hong Kong Special Administrative Region (HKSAR), Hong Kong Annual Digest of Statistics 2016; Forecast from 2016 onwards by Frost & Sullivan

Note: Census and Statistics Department HKSAR has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

Employment Rate in Hong Kong

The employment rate in Hong Kong has increased from 96.6% in 2010 to 96.7% in 2015. The overall high employment rate during 2011-2015 was partly attributed to the Hong Kong Government's efforts and dedication to creating a partnership arrangement that attracted Chinese investors and potential employees. The employment rate is expected to remain stable at an employment rate of 97.0% by 2021. This is largely due to the sustainable economic growth arising from closer economic ties with China.

Employee Turnover Rate in Hong Kong

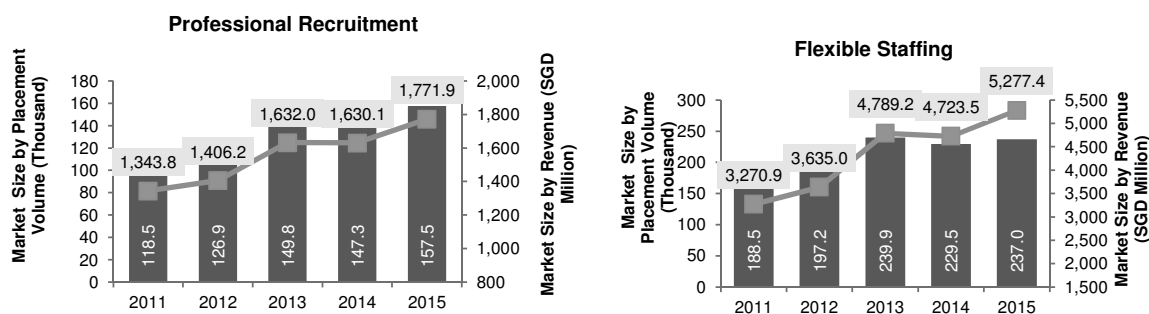
The employment turnover rate increased from 14.5% in 2011 to 21.0% in 2015 at a CAGR of 7.7%. There was a slight decline in 2014 due to weak businesses and service sector performances amidst political happenings that restricted new job opportunities. Overall, the employment turnover rate is expected to increase from 21.0% in 2015 to a record high of 21.2% in 2021 at a CAGR of 0.2%.

4.3.2 Demand Conditions

4.3.2.1 Market Size

Hong Kong recorded revenue for professional recruitment services with an increase from SGD1,343.8 million in 2011 to SGD1,771.9 million in 2015 at a CAGR of 7.2%. The Institute of Human Resource Management has reported the employee turnover rate in Hong Kong to be 21.0% in 2015⁴⁶. The highest turnover rates in Hong Kong have been found to be in the retail sector at 30.5%; followed by business and professional services (26.9%); construction, property development, and real estate (26.1%); and financial services (19.4%). As for flexible staffing, revenue has increased steadily from SGD3,270.9 million in 2011 to SGD5,277.4 million in 2015 at a CAGR of 12.7%. Despite a slight drop in 2014 (most likely due to unfavourable political climate), the outlook remains positive overall because of an increase in salary levels. Hiring companies have a tendency to use flexible staffing services to lower operations cost.

Chart 4-16: Market Size of Recruitment Services in Hong Kong, 2011–2015

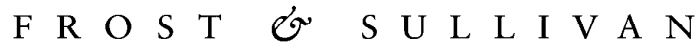


Source: Frost & Sullivan Analysis

⁴⁶ The Institute of Human Resource Management, Turnover Rate and Vacancy Rate (2nd half of 2015), February 2016

Note: The Institute of Human Resource Management has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



4.3.2.2 Demand Drivers

High employment turnover rates in Hong Kong

Employees in Hong Kong have a tendency to move between jobs every two or three years for career progression and to achieve a higher income. This highly-mobile culture is reflected in the high turnover rate of 20% and this has helped to foster the flourishing recruitment services industry.

Skills mismatch in the labour market increases difficulty in job seeking

During 1995-2015, there were just 854,000 employees with post-secondary degrees that could match up with 666,000 high-skilled jobs. However, there were only 188,000 workers with post-secondary degrees that are employed in jobs that require less professional knowledge. This significant skill mismatch increases the demand for recruitment agencies to provide suitable job placements for both employers and employees.

Ongoing infrastructure projects increasing the need for professionals in both public and private sector, with the need for flexible labour increasing based on the nature of projects

Continuous city-development and infrastructure projects create a high demand for professionals with specialised skills that are relevant to the successful completion of these projects. Currently there are 24 ongoing infrastructure projects due to be completed by 2024, and the need for suitable professionals drives the need for human resource support services.

4.3.3 Competitive Landscape

As of 2015, there are more than 2,000 recruitment agencies licensed with the HKSAR of Labour. The overall recruitment market in Hong Kong is highly fragmented with many foreign players.

Key Market Players in the Recruitment Services Industry in Hong Kong

The major recruitment service providers in Hong Kong are mostly foreign players that have entered the city since the late 1980s. These players include Ambition Group, Adecco, Hays, HRnetGroup, Manpower Group, PageGroup, Randstad, Robert Walters, and Drake International amongst others. On average, local recruitment firms in Hong Kong typically charge around 20% of the candidate's annual salary.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

Table 4-3: Key Market Players in Recruitment Services Industry in Hong Kong, 2015

Company Name	Headquarter	Year of Entering Hong Kong Market	No. of Office in Hong Kong	Listing Location	Major Services in Hong Kong
Ambition Group	Australia	early 2000s	1	ASX	Recruitment, Staffing,
Adecco	Switzerland	1987	3	SIX	Recruitment, Flexible Staffing, Human Resource Outsourcing, HR Consulting
Hays	United Kingdom	2006	1	LSE	Recruitment, Human Resource Outsourcing
HRnetGroup	Singapore	1996	2	N/A	Recruitment
Manpower Group	USA	1964	3	NYEX	Recruitment, Staffing, Process Outsourcing
PageGroup	United Kingdom	1994	3	LSE	Recruitment, Staffing
Randstad	Netherlands	2001	1	AEX	Recruitment, Staffing, Process Outsourcing
Robert Walters	United Kingdom	2008	1	LSE	Recruitment, Staffing
Drake International	Canada	1991	1	N/A	Recruitment, Staffing, HR Consulting

Note:

1. 'LSE' = London Stock Exchange; 'NYEX' = New York Stock Exchange; 'AEX' = Amsterdam Stock Exchange; 'SIX' = Swiss Exchange; 'ASX' = Australian Securities Exchange
2. Hong Kong entity under PageGroup is registered as Michael Page International (Hong Kong) Limited
3. Country level revenue data is not available

Source: Frost & Sullivan Analysis

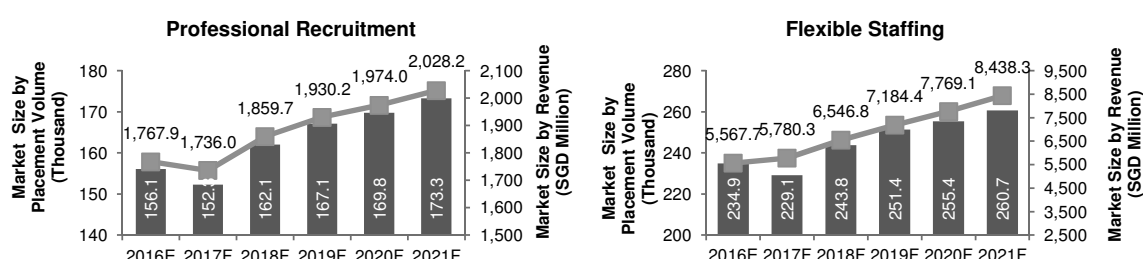
APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

4.3.4 Industry Outlook and Prospects

Hong Kong's recruitment industry is expected to undergo consistent growth from 2016 to 2021. The revenue of the professional recruitment market is projected to increase from SGD1,767.9 million in 2016 to SGD2,028.2 million in 2021 at a CAGR of 2.8%. Growth will be slow, however, due to a decline in the numbers of the working population. On the other hand, flexible staffing is expected to maintain its growth momentum with an increase of revenue from SGD5,567.7 million in 2016 to SGD8,438.3 million in 2021 at a CAGR of 8.7%. Despite the slow growth, the average employee turnover rate will continue to be high and drive the growth of recruitment services. Overall, industry growth in Hong Kong will be affected by four main factors: high employee turnover rates, a deceleration in the working population, strong employment demands from Chinese companies, and new Government policies.

Chart 4-17: Market Size of Recruitment Services in Hong Kong, 2016E-2021F



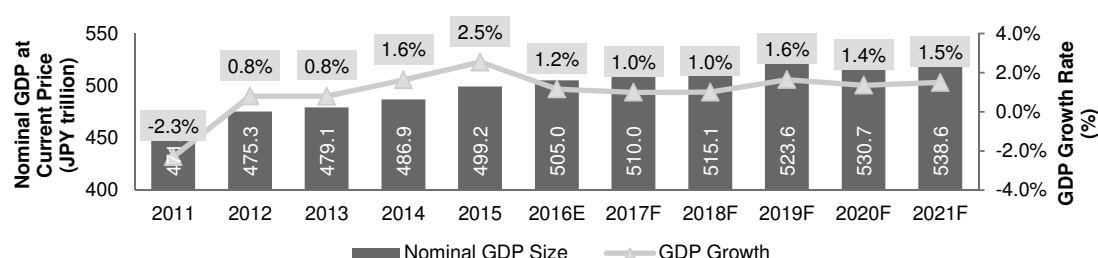
Source: Frost & Sullivan Analysis

5 OVERVIEW OF THE RECRUITMENT SERVICES INDUSTRY IN JAPAN (FOCUSING ON TOKYO)

5.1 MACROECONOMIC CONDITIONS

Japan was the world's third-largest economy with JPY499.2 trillion (SGD6.4 trillion) in 2015. The Great East Japan Earthquake that struck in March 2011 impacted the country's economic performance and resulted to negative GDP growth for the year. Japan's GDP is expected to recover at a moderate rate at a CAGR of 1.3% from JPY505.0 trillion (SGD6.4 trillion) in 2016 to JPY538.6 trillion (SGD6.9 trillion) in 2021.

Chart 5-1: Japan's Nominal GDP at Current Price and GDP Growth, 2011–2021F



Source: Statistics Bureau, Ministry of Internal Affairs and Communications, Japan Statistical Yearbook 2016; Forecast from 2016 onwards by IMF World Economic Outlook Database, October 2016

Note: Each of Statistics Bureau, Ministry of Internal Affairs and Communications and IMF has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan

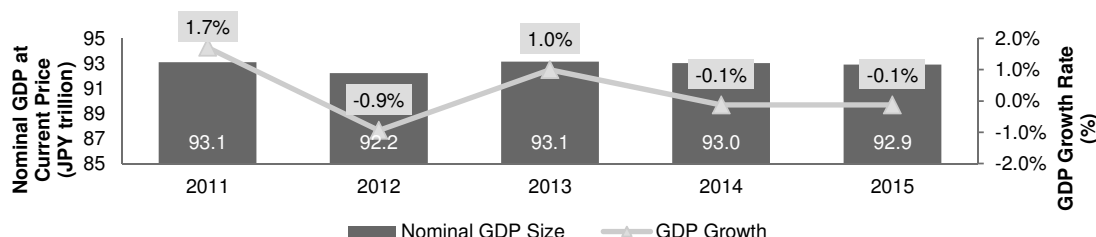
APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Tokyo is the largest metropolitan economy globally. Its GDP accounted for 18.6% of Japan's total GDP in 2015 with JPY92.9 trillion (SGD1.2 trillion).

Chart 5-2: Tokyo's Nominal GDP at Current Price and GDP Growth, 2011–2015



Source: Tokyo Metropolitan Government, Statistics Division Bureau of General Affairs, Tokyo Statistical Yearbook 2016

Note: Tokyo Metropolitan Government, Statistics Division Bureau of General Affairs has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Employment in Japan and Tokyo

Japan is experiencing shrinking population, but slight increase is seen for its employed population from 62.9 million in 2011 to 63.8 million in 2015 at a CAGR of 0.4%. Tokyo recorded higher growth in terms of both population and employed population. Its population grew at a CAGR of 0.6% from 13.2 million in 2011 to 13.5 million in 2015, while its employed population grew at a CAGR of 1.0% from 7.1 million to 7.4 million within the same period.

5.2 DEMAND CONDITIONS

5.2.1 Market Size

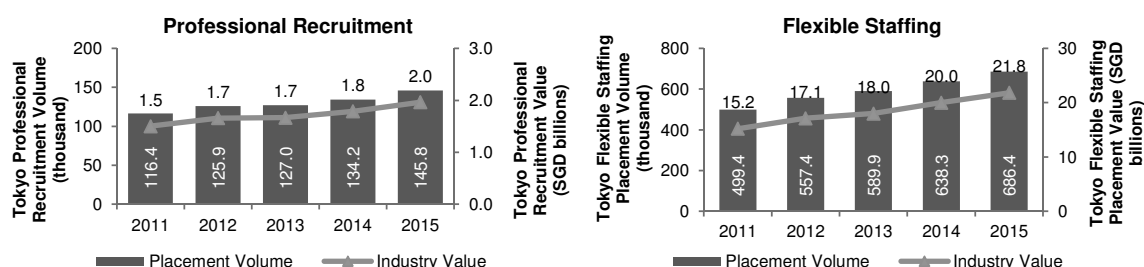
There is an improved confidence in Japan's labour market for job mobilisation due to its recovering economy which drives the need for recruitment services, particularly for key commercial hubs such as Tokyo. Tokyo's professional recruitment segment grew in terms of both value and volume from SGD1,504.3 million in 2011 to SGD1,966.2 million and from 116.4 thousand to 145.8 thousand in 2015 respectively.

Japan has the second-largest flexible staffing market globally, accounting for about 15% of the total flexible staffing industry as of 2015. In the same year, Tokyo's flexible staffing segment grew from SGD15,221.0 million in 2011 to SGD21,840.8 million in terms of value, and from 499.4 thousand to 686.4 thousand in terms of volume.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

Chart 5-3: Market Size of Recruitment Services in Tokyo, 2011–2015



Source: Frost & Sullivan Analysis

5.2.2 Demand Drivers

Tokyo 2020 Olympics spurs job creation

Tokyo will be the host city for the 2020 Olympic Games. Hosting the 2020 Olympics is estimated to have an economic impact of USD40 billion (SGD54.4 billion) and spurs job creation as there is a need to boost workforce and avoid delays in construction projects and services.

Reinforcing female participation in workforce

Since Japan is experiencing shrinking labour force, the Government of Japan has announced various initiatives to encourage women's participation in the workforce in 2012. Female labour force participation rate hit 66% in 2014, the highest in the past 15 years and unemployment for women declined to 3.5% in the same year.

Incentives to attract foreign investors

To attract FDI, the Government of Japan offers strong incentives and support for foreign companies to set up their businesses in the region. Locally, the Business Development Centre Tokyo attracts FDI by offering tax incentives and subsidy programs such as the 'Special Zone for Asian Headquarters Subsidy' and 'Program to Increase Foreign Entrepreneurs'.

Amendment to Worker Dispatch Act in 2015

The Government of Japan passed a bill to revise the worker dispatch law in 2015, relaxing the restriction on their employment duration with the client company. Prior to the amendment, there was a three-year employment duration for a dispatch worker to serve a client company, except for 26 professional categories requiring specific skills. The amendment abolished the 26 professional categories and changed the three-year term to per-person basis for all dispatched workers, and is renewable for another three years.

5.3 COMPETITIVE LANDSCAPE

The recruitment services industry in Japan is estimated at JPY6,901.1 billion (SGD87.9 billion) as of 2015. The industry is highly fragmented, with the revenue of top 10 companies collectively amounted to JPY1,554.4 billion (SGD19.8 billion) as of 2015. Some of the major players in Japan's recruitment services industry include Temp Holdings, Recruit Holdings, Pasona, Adecco, Manpower Group, TechnoPro, Meitec, Randstad, among others.

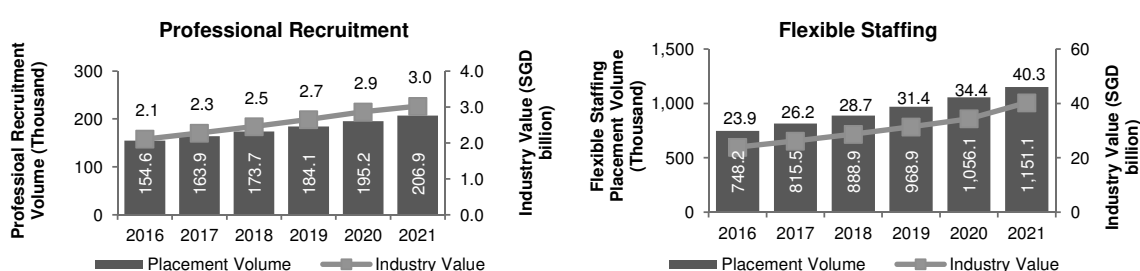
APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

5.4 INDUSTRY OUTLOOK AND PROSPECTS FOR TOKYO

Government of Japan views employment as crucial to overcome the deflation that the country has been experiencing for the past two decades. As such, various initiatives have been introduced to increase labour force participation rate such as increasing retirement age and promoting women participation in the workforce. Flexible staffing is expected to continue driving the industry at a CAGR of 11.0% from SGD23,915.7 million in 2016 to SGD40,256.0 million in 2021, while professional recruitment is forecast to grow at a CAGR of 7.5% from SGD2,103.8 million in 2016 to SGD3,019.2 million in 2021. In Tokyo, the unique skill requirement in sectors such as ICT, healthcare and energy storage system is likely to result in talent scarcity, which drives recruitment industry demand.

Chart 5-4: Market Size of Tokyo's Recruitment Services Industry, 2016–2021



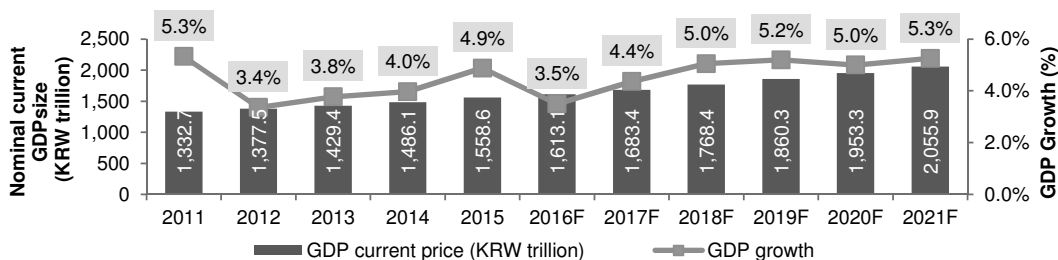
Source: Frost & Sullivan Analysis

6 OVERVIEW OF THE RECRUITMENT SERVICES INDUSTRY IN KOREA (FOCUSING ON SEOUL)

6.1 MACROECONOMIC CONDITIONS

South Korea has undergone rapid industrialisation over the past two decades, particularly in the electronics, consumer products and automotive sectors. This contributed to the country's GDP growth of KRW1,558.6 trillion (SGD1.8 trillion) in 2015. As per IMF forecasts, South Korea's GDP will increase at a CAGR of 5.0% from KRW1,613.1 trillion (SGD1.9 trillion) in 2016 to KRW2,055.9 trillion (SGD2.4 trillion) in 2021.

Chart 6-1: South Korea's Nominal GDP at Current Price and GDP Growth, 2011–2021F



Source: IMF World Economic Outlook Database, October 2016

Note: IMF has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its

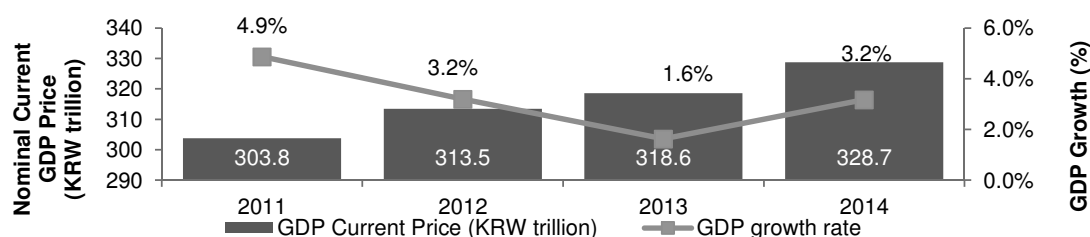
APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Seoul's GDP increased from KRW303.8 trillion (SGD0.4 trillion) in 2011 to KRW328.7 trillion (SGD0.4 trillion) in 2014 at CAGR of 2.7% contributed by an increase of expenditure by the private and Government sector. As the capital city of South Korea, Seoul also plays an important role as the professional employment hub in the country.

Chart 6-2: Seoul's Nominal GDP at Current Price and GDP Growth, 2011–2014



Source: Seoul Metropolitan Government, Seoul Statistical Tables Database, last accessed in March 2017

Note: Seoul Metropolitan Government has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Employment in South Korea and Seoul

The increase of job openings from 143,000 in 2011 to 201,200 in 2015 together with the Government of Korea initiatives for the "Roadmap to 70% Employment Rate" in 2013 pushed the country's employment rate from 64.4% in 2013 to 65.4% in 2014 and to 65.8% in 2015. The number of employed person increased from 5.0 million in 2011 to 5.1 million in 2015, constituted 49.5% of Seoul population of 10.3 million in 2015.

6.2 DEMAND CONDITIONS

6.2.1 Market Size

Professional recruitment industry has grown as there is talent pool with international exposure shortage, although flexible staffing has declined possibly due to job mismatch as there are more overqualified jobseekers in South Korea. According to the OECD⁴⁷, South Korea boasts the world's highest population

⁴⁷ OECD, Education Policy Outlook, November 2016

Note: OECD has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted

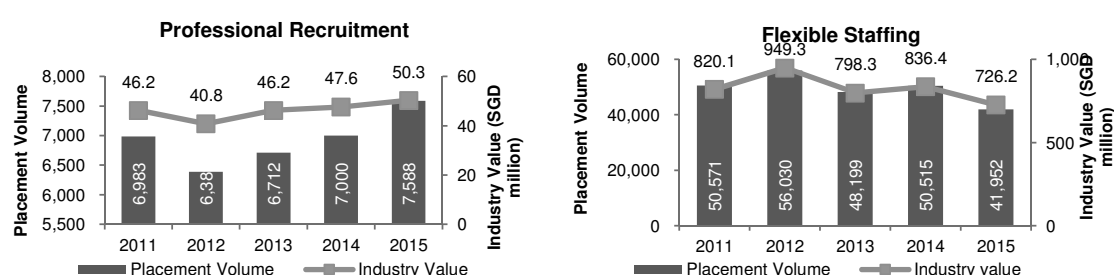
APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

with tertiary qualifications. The high number of university degree graduates and increasing demand for qualified multilingual professionals, these can be the factors to drives the need for recruitment services in the country.

Seoul's professional recruitment has increased in terms of both volume and value, from 6,983 thousand in 2011 to 7,588 thousand in 2015 while from SGD46.2 million in 2011 to SGD50.3 million respectively. The professional recruitment industry is generally associated with white-collar employees. On the other hand, the placement volume for Seoul's flexible staffing industry has decreased from 50,571 in 2011 to 41,952 in 2015. The flexible staffing industry value has also dropped by from SGD820.1 million in 2011 to SGD726.2 million in 2015. Flexible staffing is generally associated with blue-collar work.

Chart 6-3: Market Size of Seoul's Recruitment Services Industry, 2011–2015



Source: Frost & Sullivan Analysis

6.2.2 Demand Drivers

Government initiative to boost national employment

In 2013, the Government of Korea aimed at increasing the employment rate to 70% by 2017. This initiative made plans with Korea's major conglomerates to help create new employment. The Government plans to boost female and youth employment rates under the "Roadmap to 70% Employment Rate" by improving in-company and public childcare services, having a seamless transition from college to jobs and many more.

Relaxed visa laws to attract foreign talent

To attract foreign talent the Government of Korea has implemented a relaxation of visa application laws and processes for foreigners seeking employment in Korea, focusing on skilled and knowledge workers and professionals.

Mismatch in job expectations driving attrition in the younger workforce

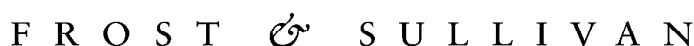
Korean Statistical Information Services (KOSIS)⁴⁸ reported that the number of jobless people as in the end of 2016 was 881,000. 46.8% of the total unemployed population possessed college degrees. Job expectation mismatches have resulted in a higher voluntary turnover rate in South Korea.

accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

⁴⁸ KOSIS, Economically Active Population Survey, last accessed in March 2017

Note: KOSIS has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



A large number of over-qualified candidates

As a culture that focuses strongly on education, South Korea has the highest population in the world with tertiary educational qualifications at 69.0%, as stated by OECD⁴⁹. This has resulted in candidates rejecting low-level jobs that do not meet their salary and career expectations.

6.3 COMPETITIVE LANDSCAPE

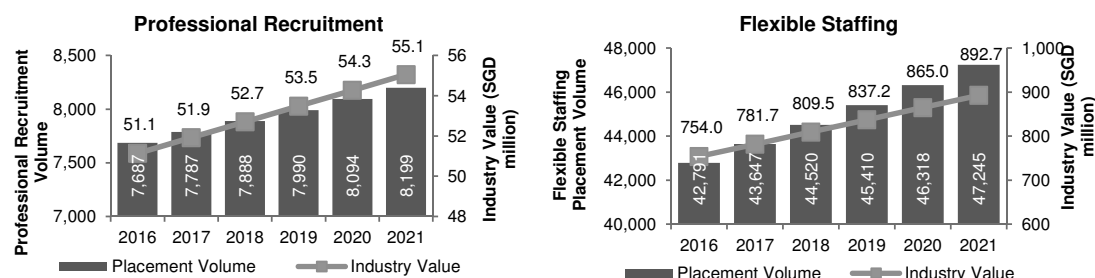
The increasing number of free trade policies in South Korea has significantly altered the competitive landscape of permanent recruitment and flexible staffing over the past two decades which led to an increasing entry of multinational organisations. As of 2012, about 400 international and local permanent recruitment and flexible staffing firms are competing in the South Korean market which is largely dominated by local players, with Unies Co Ltd holding the largest market share at 15.7% followed by Samkoo Inc at 12.6%. HRnetGroup's market share in South Korea was estimated to be 0.1% in 2014.

6.4 INDUSTRY OUTLOOK AND PROSPECTS FOR SEOUL

More multinational companies in the recruitment industry are expected to be attracted to the South Korean market as the country recently signed free trade agreements with developed economic partners, such as European Union and Canada, the automotive industry is recovering, and the South Korean conglomerates, such as Doosan Heavy Industries and Construction and Hyundai Heavy Industries, are expected to make a comeback with new orders worth hundreds of billions of won.

The recruitment industry is expected to grow from the need for qualified local professionals for MNCs and low costs of hiring flexible staffs. Seoul's professional recruitment industry is forecast to rise from SGD51.1 million in 2016 to SGD55.1 million in 2021, while the flexible staffing industry on the other hand is forecast to recover from SGD754.0 million in 2016 to SGD892.7 million in 2021.

Chart 6-4: Market Size of Seoul's Recruitment Services Industry, 2016–2021



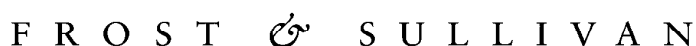
Source: Frost & Sullivan Analysis

Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

⁴⁹ OECD, Education Policy Outlook, November 2016

Note: OECD has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



7 OVERVIEW OF THE RECRUITMENT SERVICES INDUSTRY IN MALAYSIA (FOCUSING ON KUALA LUMPUR)

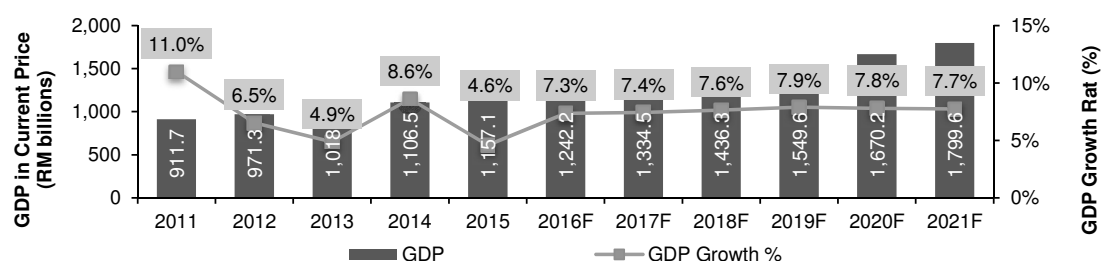
7.1 MACROECONOMIC CONDITIONS

GDP and GDP contribution

The Malaysian economy has been listed as the 10th largest economy in Asia in 2015 and the 3rd wealthiest country in the SEA region in GDP per capita in 2016. It has been growing slowly due to a decline in global oil prices.

Malaysia's nominal GDP grew at a CAGR of 6.1% from MYR911.7 billion (SGD302.2 billion) in 2011 to MYR1,157.1 billion (SGD383.5 billion) in 2015. The IMF forecast the Malaysian economy to grow at a CAGR of 7.7% from MYR1,242.2 billion (SGD411.7 billion) in 2016 to MYR1,799.6 billion (SGD596.5 billion) in 2021. Its capital city, Kuala Lumpur, enjoyed a nominal GDP growth from MYR120.6 million (SGD40.0 million) in 2011 to MYR176.5 million (SGD 58.5 million) in 2015 at a CAGR of 10.0%.

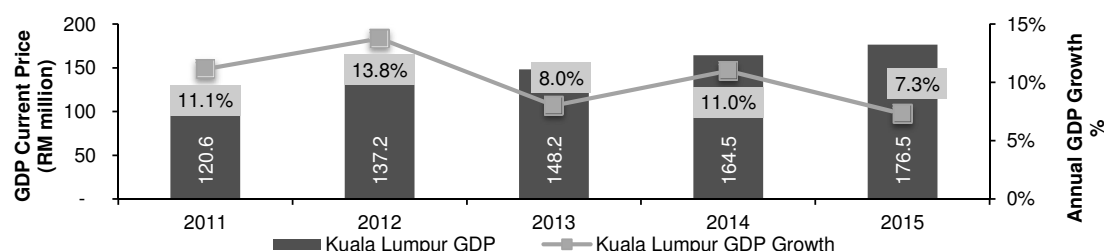
Chart 7-1: Malaysia Nominal GDP and GDP Growth Rate, 2011-2021F



Source: Department of Statistics Malaysia, Malaysia Economics Statistics - Time Series 2015; Forecast from 2016 onwards by IMF World Economic Outlook Database, October 2016

Note: Each of Department of Statistics Malaysia and IMF has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

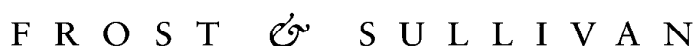
Chart 7-2: Nominal GDP and GDP Growth Rate of Kuala Lumpur, 2011-2015



Source: Department of Statistics Malaysia, Malaysia Economics Statistics - Time Series 2015 found in (<http://www.dosm.gov.my>) as extracted on 20 February 2017

Note: Department of Statistics Malaysia has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Employment in Malaysia and Kuala Lumpur

Malaysia's total employed population makes up 45.8% of its population of 31.0 million in 2015. This particular demographic grew at a CAGR of 3.5% from 12.3 million in 2011 to 14.1 million in 2015. Kuala Lumpur's total number of employed increased at a CAGR of 1.3% from 811.8 thousand in 2011 to 853.4 thousand in 2015, which constituted 47.4% of the city's population of 1.8 million in 2015.

Employment Rate in Malaysia

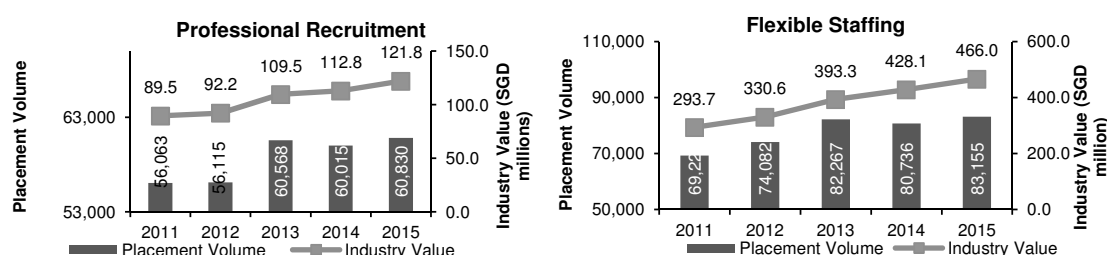
Malaysia's employment rate has been consistently above 96% from 2011 to 2015 with an average of 97.0%. According to Aon Hewitt⁵⁰, Malaysia's employment turnover rate was the third-highest in the SEA region, maintaining an average of 11.8% from 2012 to 2015. This was attributed to strong employee confidence during a period of healthy economic growth.

7.2 DEMAND CONDITIONS

7.2.1 Market Size

Frost & Sullivan has estimated that about 60% Kuala Lumpur's permanent job vacancies have been occupied through recruitment agencies. The revenue of the professional recruitment industry in Kuala Lumpur grew at a CAGR of 8.0% from SGD89.5 million in 2011 to SGD121.8 million in 2015. Meanwhile, the flexible staffing industry in Kuala Lumpur is being driven by increasing BPO activities in the city as well as the increasing outsourcing of staffs in the banking and IT sectors. The flexible staffing industry has been estimated by Frost & Sullivan to have grown from SGD293.7 million in 2011 to SGD466.0 million in 2015, at a CAGR of 12.2%.

Chart 7-3: Market Size of Kuala Lumpur's Recruitment Services Industry, 2011-2015



⁵⁰ Aon Hewitt, Global Total Compensation Measurement Survey, 2015

Note: Aon Hewitt has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



Source: Frost & Sullivan Analysis

7.2.2 Demand Drivers

Increasing propensity of job switching and utilisation of recruitment services agencies

A survey conducted by Hays⁵¹ reported that candidates in Malaysia choose to seek new jobs for more attractive salaries or benefit packages, followed by lack of career progression and to seek for new challenges. According to the Asian Institute of Finance (AIF)⁵², Gen-Y's employment relationships are increasingly short-lived and transactional in nature. Frost & Sullivan has estimated that 35% jobseekers in Malaysia have secured their current jobs through recruitment agencies while 60% of jobseekers in Kuala Lumpur have secured their current jobs through this method.

More MNCs are attracted to set up operations in Malaysia driving the demand for recruitment services

Malaysia has set itself up to be an attractive destination for MNCs to relocate or set up regional headquarters. Aside from lower operation costs, the Malaysian Government also provides tax incentives for relocation to further attract MNCs and FDIs. The demand for recruitment services agencies is thus expected to rise as the demand for talent increases.

7.3 COMPETITIVE LANDSCAPE

The recruitment services industry in Malaysia is highly fragmented with the revenue of top 10 collectively amounted to SGD119.4million. Some of the key players in the market include Manpower Group with a market share of 8.1%, Adecco (4.7%), Korn Ferry (HayGroup) (1.6%), Robert Walters (1.5%) and PageGroup (1.5%). HRnetGroup is estimated to command a market share of 1.3% in Malaysia in 2015.

7.4 INDUSTRY OUTLOOK AND PROSPECTS FOR KUALA LUMPUR

The Malaysian economy is expected to recover in the next five years. The key drivers that will lead to this recovery are Malaysia's expected economy growth, upcoming infrastructure projects, increased investments by MNCs, and an ever-present demand for talent. With infrastructure projects due to be completed by 2020 and construction projects on the way, a cumulative of 48,700 jobs is expected to be created. The value of the aforementioned construction projects totals up to MYR99.0 billion (SGD32.8 billion) and this is expected to spur positive growth in the industry. Frost & Sullivan estimates the total

⁵¹ Hays, Asia Braces for Change: Tailoring Talent Strategies for Uncertainty, 2017

Note: Hays has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

⁵² AIF, Gen-Y in The Workplace: An International Comparison, 2014

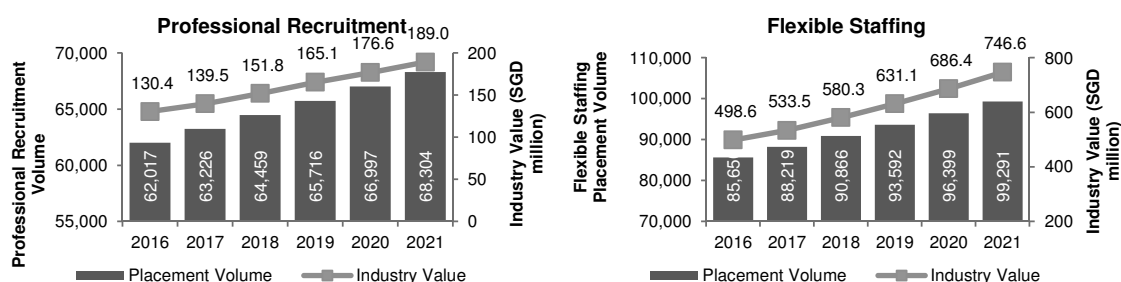
Note: AIF has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

industry revenue in Kuala Lumpur to grow from SGD629.0 million in 2016 to SGD935.6 million in 2021 at a CAGR of 8.3%.

Chart 7-4: Market Size of Kuala Lumpur's Recruitment Services Industry, 2016-2021



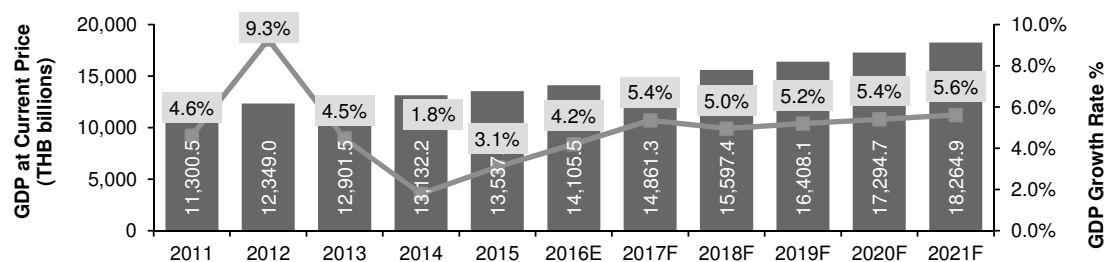
Source: Frost & Sullivan Analysis

8 OVERVIEW OF THE RECRUITMENT SERVICES INDUSTRY IN THAILAND (FOCUSING ON BANGKOK)

8.1 MACROECONOMIC CONDITIONS

Thailand's GDP in 2015 was ranked 9th in Asia and 28th globally. Their nominal GDP has increased consistently at a CAGR of 4.6% from THB11,300.5 billion (SGD425.6 billion) in 2011 to THB13,537.5 billion (SGD509.8 billion) in 2015. The economic growth in 2015 was stimulated by the robust nature of the tourism sector and a high Government budget disbursement. According to IMF forecasts, the Thai economy will grow at a CAGR of 5.3% from THB14,105.5 billion (SGD531.2 billion) in 2016 to THB18,264.9 billion (SGD687.8 billion) in 2021.

Chart 8-1: Thailand Nominal GDP at Current Price and GDP Growth, 2011–2021F



Source: IMF World Economic Outlook Database, October 2016

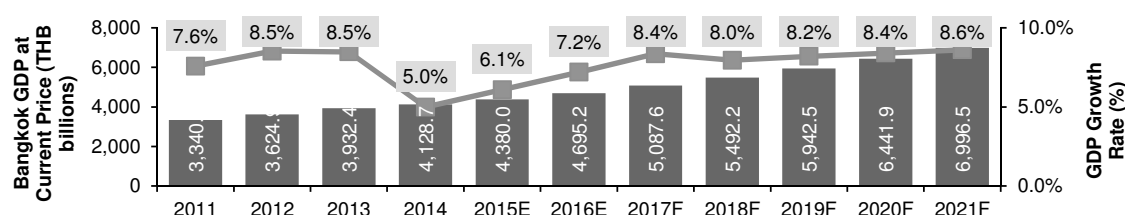
Note: IMF has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

Bangkok's nominal GDP rose from THB3,340 billion (SGD125.8 billion) in 2011 to reach an estimated GDP of THB4,380.0 billion (SGD164.9 billion) in 2015 at a CAGR of 7.0%. It is expected to continue growing at a CAGR of 8.3% from THB4,695.2 billion (SGD176.8 billion) in 2016 to reach THB6,996.5 billion (SGD263.5 billion) in 2021.

Chart 8-2: Bangkok Nominal GDP at Current Price and GDP Growth, 2011–2021F



Source: National Statistical Office, Ministry of Information and Communication Technology, Statistics Time Series, last accessed in March 2017; Estimated 2015/16 & Forecast from 2017 onwards by Frost & Sullivan

Note: National Statistical Office, Ministry of Information and Communication Technology has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Employment in Thailand and Bangkok

Thailand's total workforce made up 57.5% of its total population (67.3 million people) in 2015. The total employed population has decreased at a CAGR of 0.3% from 38.9 million in 2011 to 38.4 million in 2015. The decline was mainly due to an aging workforce population and slowing birth rates. Thailand's transformation towards a more knowledge-service based economy has led to more people attaining tertiary qualifications for employment. Bangkok's total employed population constituted 61.6% of its population (8.6 million people) in 2015. It increased at a CAGR of 8.0% from 3.9 million in 2011 to 5.3 million in 2015.

Employment Turnover Rate in Thailand

Thailand's employee turnover rate has remained relatively constant at about 13.2-14.2% from 2011 to 2016E. About 14% of the turnover rate comes from junior managers and supervisors who are in a transitional role between middle-management and top-management.

8.2 DEMAND CONDITIONS

8.2.1 Market Size

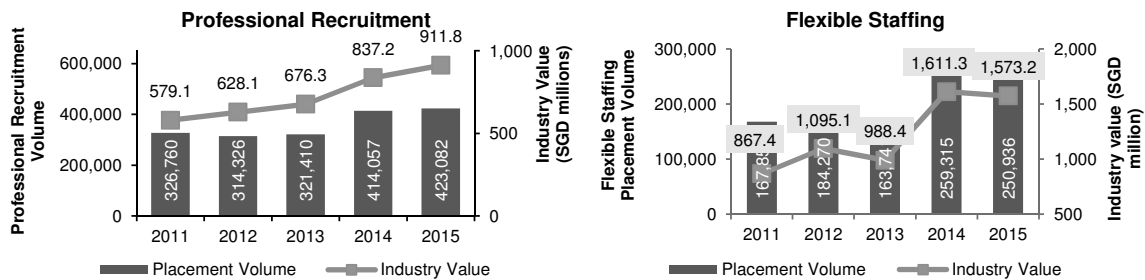
Thailand's economy is shifting from industrialisation towards knowledge and services; the paradigm shift requires employees with specialist skills and specific technical and management skills. Professional recruitment services have been a major contributor to Thailand's job market, particularly in the capital city of Bangkok, where the competition for skilled professionals is intense. Bangkok's professional recruitment volume through professional recruitment agencies has grown at a CAGR of 6.7% from 326,760 in 2011 to 423,082 in 2015. Bangkok's flexible staffing industry value has increased rapidly from SGD867.4 million in

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

2011 to SGD1,573.2 million in 2015 at a CAGR of 16.0%. The trend of flexible staffing industry value was in line with Thailand's FDI that dropped from THB1,476.6 billion (SGD55.6 billion) in 2012 to THB1,110.4 billion (SGD41.8 billion) in 2013 and recovered in 2014 to reach THB2,195.7 billion (SGD82.7 billion).

Chart 8-3: Market Size of Bangkok's Recruitment Services Industry, 2011-2015



Source: Frost & Sullivan Analysis

8.2.2 Demand Drivers

Government initiatives for national development

Bangkok is currently experiencing rapid urbanisation. The construction sector has improved by 15.8% from 2014 to 2015 against the backdrop of a 3.7% decline in 2014 due to slow economic growth. In order to recover from this, the Thai Government has rolled out initiatives to simulate this particular sector to build it back up with a collective investment value of THB2.2 trillion (SGD0.08 trillion). This new national development plan, Thailand 4.0, is an initiative to push Thailand toward modernisation and out of the "middle-income trap". By introducing a digital infrastructure into Thailand, the government may potentially have to review visa application laws in order to bring in more foreign professionals with specific technical skills. Simultaneously, hiring organisations may also need support from recruitment services firms to attract skilled local workers.

Expansion and improving performance of the financial service sector

A rising demand for banks to provide financial advisory has led to the operating profit of banks to increase 7.2% in 2015 and loan approval grew in Thailand by 4.3% YOY despite an overall slower rate. As of December 2015, 36 financial firms were registered in Thailand. Going forward, the demand for internal audit, corporate governance, risk and compliance, and fund manager professionals is expected to be strong within the financial sector with more stringent requirements introduced by the Bank of Thailand.

Tightening labour laws increase demand for local professionals

Foreign professionals are being replaced by local candidates as the labour law in Thailand becomes highly regulated. Hiring foreign professionals may be deemed as expensive and time-consuming. With the gradual expansion of the qualified workforce, more local professionals are expected to take over positions previously held by foreign professionals.

Positive growth in hospitality sectors

As the second-most visited country in Asia, Thailand has to cater to the demands of a rapidly-growing hospitality industry. In 2015, 29.9 million tourist arrivals were recorded which was an increase by 20.4% from 24.8 million tourists in 2014.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T S U L L I V A N

High attrition rate in junior management roles

AON Hewitt found in 2016 that employees in junior management or supervisory roles across all industries reported a 14% voluntary turnover rate and a 5.3% involuntary turnover rate⁵³. These transitional roles from entry-level to managerial positions typically undercompensate employees for their time and effort.

Shortage of skilled-employees with strong-language skills

The World Bank released a 2016 survey that stated that 83.5% of Thailand's workforce is unskilled⁵⁴ – this is largely due to inadequate education. Additionally, low English skills among local employees make it difficult to be hired by MNCs where English proficiency is a requirement. This difficulty in finding qualified candidates is likely to increase the dependence on recruitment services firms.

8.3 COMPETITIVE LANDSCAPE

The total industry size in Thailand is expected to be SGD3.9 billion in 2015. Multinational recruitment companies in Bangkok are expected to constitute 9.2% at SGD361 million collectively, while local players account for the remaining majority. Among the key international players, Manpower Group has the biggest market share at 35.4%, followed by Adecco (29.2%), PRTR Group (24.3%), Korn Ferry (Hay Group) (2.4%), Kelly Services (2.0%), Robert Walters (1.4%), JAC Recruitment (1.0%), EnWorld Recruitment (0.8%), Monroe Recruitment (0.7%), Heidrick & Struggles (0.6%), Campanella & Associates (0.5%), HRnetOne (0.3%), and others (1.4%) as of 2015.

8.4 INDUSTRY OUTLOOK AND PROSPECTS FOR BANGKOK

The passing of Thailand's longest-reigning king was expected to be the cause of a slowdown in economic activity. However, the Prime Minister stated that business should carry on as usual and will pick up again in the near future.

As Thailand 4.0 is nearing completion, this initiative will diversify workforce skills and promote the number of workers qualified in science, technology, engineering and Mathematics-related disciplines. From here,

⁵³ AON Hewitt, "Thailand Compensation and Benefit Trends 2016: Voluntary Turnover Rates Soar as Performance Pressure Mounts" found in (<https://apac.aonhewitt.com/home/about/media-room/press-releases/october-november-2016>) as extracted on 20 February 2017

Note: AON Hewitt has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

⁵⁴ Thailand Business News, "83.5 per cent of the workforce in Thailand is unskilled" found in <https://www.thailand-business-news.com/asean/52226-83-5-per-cent-workforce-thailand-unskilled.html> as extracted on 20 February 2017

Note: World Bank has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

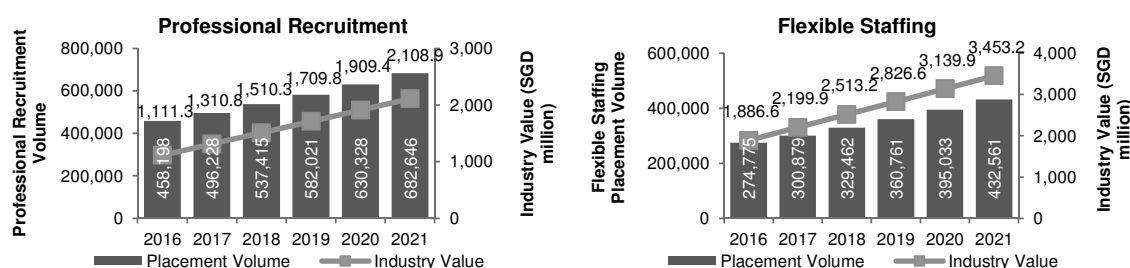
recruitment services firms may expect increased business opportunities as employers seek out candidates that can help introduce or improve on digital services.

In 2017, the automotive, chemical and consumer industries are expected to recover or experience a boost. The involvement of Japan in pushing more of their SMEs into investing into Thailand will prove to be a big help in providing these industries a leg up in the economy. In Thailand, the recruitment services industry is expected to continuously grow, driven by Thailand's Government initiatives, tightening labour laws, expansion of the financial services and hospitality sector, and search for skilled talent.

Bangkok's professional recruitment industry is expected to grow at a CAGR of 13.7% from SGD1,111.3 million in 2016E to SGD2,108.9 million in 2021F. This marks an increase from a CAGR of 12% previously, with greater job creation in the banking and financial and IT sectors.

The flexible staffing industry is forecast to record a marginally slower CAGR of 12.9% from SGD1,886.6 million in 2016E to SGD3,453.2 million in 2021F. The flexible staffing industry also extends to white-collar employment and will continue to develop, albeit slightly slower than the professional recruitment industry.

Chart 8-4: Market Size of Bangkok's Recruitment Services Industry, 2016–2021



Source: Frost & Sullivan Analysis

9 PROSPECTS AND OUTLOOK FOR HRNETGROUP

The geographical footprint of HRnetGroup is spread across a total of 10 Asian cities that can be further segregated into 3 main regions as follows.

- Singapore
- North Asia: Beijing, Shanghai, Guangzhou, Taipei, Hong Kong, Tokyo, and Seoul
- Other South East Asian (SEA) countries: Kuala Lumpur, Bangkok

The following summarises relevant economic data in relation to the recruitment service industry among the countries HRnetGroup is operating in.

Table 9-1: Real GDP Growth of Selected Countries, 2014 – 2019

Country	2014	2015	2016E	2017F	2018F	2019F
Singapore	3.6%	1.9%	1.8%	2.0%	2.6%	2.6%
Hong Kong	2.7%	2.4%	1.4%	1.9%	2.8%	3.2%
China	7.3%	6.9%	6.6%	6.2%	6.0%	6.0%
Taiwan	3.9%	0.6%	1.0%	1.7%	1.9%	2.2%
Japan	0.0%	0.5%	0.5%	0.6%	0.5%	0.7%

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

Country	2014	2015	2016E	2017F	2018F	2019F
South Korea	3.3%	2.6%	2.7%	3.0%	3.1%	3.0%

Sources: Data for Hong Kong, China, Taiwan, Japan, and South Korea from IMF World Economic Outlook Database, October 2016

Data for Singapore year 2014 & 2015 from Department of Statistics Singapore, Yearbook of Statistics Singapore 2016; Year 2016 from Ministry of Trade and Industry Singapore's press release dated 3 January 2017 and entitled "Singapore's GDP Grew by 1.8 Per Cent in the Fourth Quarter of 2016"; Year 2017 from Frost & Sullivan analysis based on Ministry of Trade and Industry Singapore's press release dated 24 November 2016 and entitled "MTI Forecasts GDP to Grow by 1.0 to 1.5 Per Cent in 2016 and 1.0 to 3.0 Per Cent in 2017"; Year 2018 & 2019 from IMF World Economic Outlook Database, October 2016

Note: Each of IMF, Department of Statistics Singapore and Ministry of Trade and Industry Singapore has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Table 9-2: Growth in Job Vacancies in Selected Countries, 2014 – 2019

Country	2014	2015	2016E	2017F	2018F	2019F
Singapore	14.3%	(6.3%)	(13.8%)	0.9%	1.3%	1.5%
Hong Kong	1.6%	(3.1%)	(2.7%)	1.5%	3.0%	5.0%
Japan	3.6%	2.7%	5.5%	6.7%	4.5%	8.0%
South Korea	9.7%	1.0%	(0.3%)	5.0%	5.0%	5.0%

Note: Data for growth in job vacancies in China and Taiwan is not available

Sources: Data for Singapore Year 2014-2015 from MOM, Summary Table: Job Vacancy, last accessed in March 2017; Year 2016-2019 by Frost & Sullivan Analysis; Growth rate calculated by Frost & Sullivan

Data for Hong Kong Year 2014 from Census and Statistics Department HKSAR, Quarterly Report of Employment and Vacancies Statistics, December 2014; Year 2015 from Census and Statistics Department, Quarterly Report of Employment and Vacancies Statistics, December 2015; Year 2016 from Census and Statistics Department, Quarterly Report of Employment and Vacancies Statistics, September 2016; Year 2017-2019 by Frost & Sullivan Analysis; Growth rate calculated by Frost & Sullivan

Data for Japan Year 2014 & 2015 from Statistics Bureau, Ministry of Internal Affairs and Communications, Japan Statistical Yearbook 2016; Year 2016-2019 by Frost & Sullivan Analysis; Growth rate calculated by Frost & Sullivan

Data for South Korea Year 2014-2016 from Ministry of Employment and Labor (MOEL), Labor Force Survey at Establishments Database, last accessed in March 2017; Year 2017-2019 by Frost & Sullivan Analysis; Growth rate calculated by Frost & Sullivan

Note: Each of MOM, Census and Statistics Department HKSAR, Statistics Bureau, Ministry of Internal Affairs and Communications and MOEL has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T S U L L I V A N

relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Table 9-3: Growth in Employed Population in Selected Countries, 2014 – 2019

Country	2014	2015	2016E	2017F	2018F	2019F
Singapore	3.7%	0.9%	0.4%	2.0%	2.6%	2.6%
Hong Kong	0.6%	0.8%	0.6%	0.6%	0.6%	0.6%
China	0.4%	0.3%	0.4%	0.4%	0.4%	0.4%
Taiwan	1.0%	1.1%	0.6%	0.2%	0.2%	0.2%
Japan	0.8%	(0.3%)	(0.3%)	(0.3%)	(0.6%)	(0.6%)
South Korea	2.0%	1.2%	1.2%	0.8%	0.8%	0.4%

Source: Data For Singapore Year 2014 & 2015 from MOM, Summary Table: Employment, last accessed in March 2017; Year 2016-2019 by Frost & Sullivan Analysis; Growth rate calculated by Frost & Sullivan

Data for Hong Kong Year 2014 & 2015 from Census and Statistics Department HKSAR, Hong Kong Annual Digest of Statistics 2016, Year 2016-2019 by Frost & Sullivan Analysis; Growth rate calculated by Frost & Sullivan

Data for China Year 2014 & 2015 from National Bureau of Statistics of China, China Statistical Yearbook 2016; Year 2016-2019 by Frost & Sullivan Analysis; Growth rate calculated by Frost & Sullivan

Data for Taiwan Year 2014-2016 from National Statistics, Republic of China (Taiwan), Manpower Survey Results, January 2017; Year 2017-2019 by Frost & Sullivan Analysis; Growth rate calculated by Frost & Sullivan

Data for Japan from ILO, Key Indicators of the Labour Market, December 2016; Growth rate calculated by Frost & Sullivan

Data for South Korea Year 2014 & 2015 from Korean Statistical Information Service Database, Economically Active Population Survey, last accessed in March 2017; Year 2016-2019 by Frost & Sullivan Analysis; Growth rate calculated by Frost & Sullivan

Note: Each of MOM, Census and Statistics Department HKSAR, National Bureau of Statistics of China, National Statistics, Republic of China (Taiwan), ILO, and Korean Statistical Information Service Database has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Asia

In Asia, competition for talent is expected to remain the key success factor for global organisations and economies. The expected continuation of skilled labour scarcity in Asia will require the services of recruitment firms to locate the best candidates more quickly and accurately. Frost & Sullivan has forecast

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



the Asia-Pacific recruitment services industry to grow at a CAGR of 9.4% from SGD175.4 billion in 2016 to SGD274.9 billion in 2021. While the professional recruitment industry is projected to grow at a CAGR of 9.0% from SGD29.4 billion in 2016 to SGD45.3 billion in 2021, the flexible staffing revenue is forecast to grow at a faster rate at a CAGR of 9.5% from SGD146.0 billion in 2016 to SGD229.6 billion in 2021. HRnetGroup's presence in Asia ensures access to 54.8% or 1,037.4 million of the total employed population in 2015.

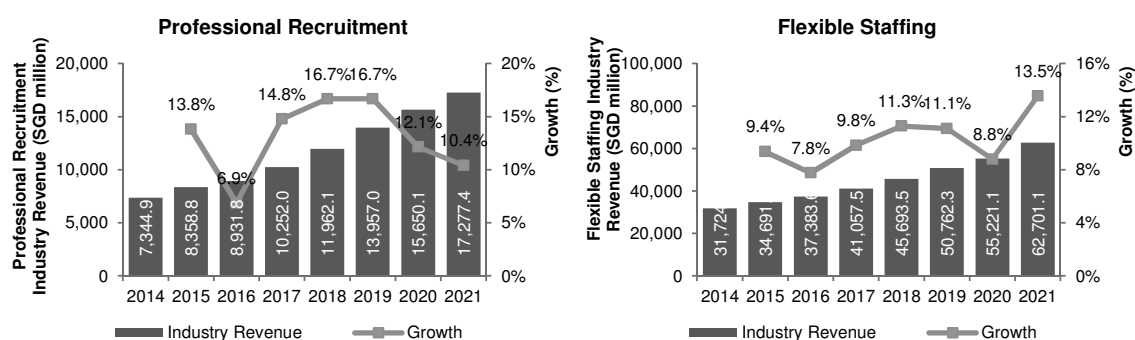
Singapore

Due to tight labour market conditions and tighter foreigner-hiring policies, the Singaporean recruitment services industry is expected to achieve SGD1.64 billion by 2021 from SGD1.35 billion in 2016 at a CAGR of 4.0%. According to Frost & Sullivan, HRnetGroup will be able to take advantage of the anticipated growth in the market as it is one of the most efficient companies in Singapore, as indicated by the Group's superior NPBT per consultant compared to other key market players. The Group is also the largest player by revenue in Singapore, with a market share of 20.5%. Meanwhile, high entry barriers to be qualified as EA also provides a strategic advantage to the Group that is the market leader in terms of licensed consultants, registered with 314 EAs, which is 48% higher than its closest competitor.

North Asia

HRnetGroup's is also present in key cities across Asia with a strong expected industry growth. The Group is strategically positioned in key Tier 1 cities in China, Taiwan and Hong Kong, where local skill shortages drive the need for recruitment services. In Tokyo and Seoul, HRnetGroup's expertise in healthcare is expected to be in demand to meet the rising workforce requirements in these aging societies. Their focus on retail and industrial activities is also in line with higher workforce demand for the 2020 Tokyo Olympics. Frost & Sullivan estimates the professional recruitment and flexible staffing industry revenues in North Asia⁵⁵ to grow at a CAGR of 11.5%, as compared to CAGR of 4.0% for Singapore and CAGR of 12.4% for Rest of Asia between 2016 and 2021.

Chart 9-1: Industry Revenue of North Asia's Recruitment Services Industry, 2014–2021



Source: Frost & Sullivan Analysis

Other SEA Countries

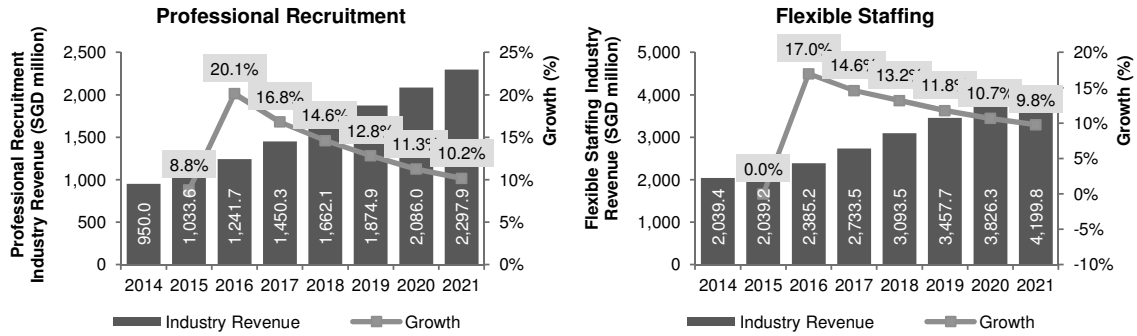
In SEA cities, the Group's presence in Malaysia and Thailand is expected to gain from economic activities and employment expansion that can lead to a drive in professional recruitment and flexible staffing services.

⁵⁵ Refers to Beijing, Shanghai, Guangzhou, Taipei, Hong Kong, Tokyo, and Seoul

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

Chart 9-2: Industry Revenue of Rest of Asia's⁵⁶ Recruitment Services Industry, 2014–2021



Source: Frost & Sullivan Analysis

⁵⁶ Refers to Kuala Lumpur and Bangkok

This page has been intentionally left blank.

APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE OFFERING SHARES IN SINGAPORE

Applications are invited for the subscription of the Offering Shares at the Offering Price of S\$0.90 per Offering Share on the terms and conditions set out below and in the printed application forms to be used for the purpose of the Offering and which forms part of this Prospectus (the “**Application Forms**”) or, as the case may be, the Electronic Applications (as defined below).

Investors applying for the Offering Shares in the Offering by way of Application Forms or Electronic Applications are required to pay, in Singapore dollars, the Offering Price of S\$0.90 per Offering Share, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom and without any right or claim against the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters) where (i) an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason.

- (1) **The minimum initial subscription is for 1,000 Offering Shares. You may subscribe for a larger number of Offering Shares in integral multiples of 100. Your application for any other number of Offering Shares will be rejected.**
- (2) You may apply for the Offering Shares only during the period commencing at 8.00 p.m. on 8 June 2017 and expiring at 12.00 noon on 14 June 2017. The Offering period may be extended or shortened to such date and/or time as our Company may agree with the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters, subject to all applicable laws and regulations and the rules of the SGX-ST.
- (3) Your application for the Offering Shares offered:
 - (a) in the Public Offer (the “**Public Offer Shares**”), other than Reserved Shares, may be made by way of the printed **WHITE** Public Offer Shares Application Form or by way of Automated Teller Machines (“**ATM**”) belonging to the Participating Banks (“**ATM Electronic Applications**”) or the Internet Banking (“**IB**”) website of the relevant Participating Banks, where applicable (“**Internet Electronic Applications**”, which, together with ATM Electronic Applications, shall collectively be referred to as “**Electronic Applications**”);
 - (b) in the Placement (the “**Placement Shares**”) may be made by way of the printed **BLUE** Placement Shares Application Form (or in such other manner as Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters may in their absolute discretion deem appropriate); and
 - (c) as Reserved Shares may be made by way of the printed **PINK** Reserved Shares Application Forms.
- (4) **YOU MAY NOT USE YOUR CENTRAL PROVIDENT FUND OR CPF INVESTIBLE SAVINGS TO APPLY FOR THE PUBLIC OFFER SHARES.**
- (5) **Only one application may be made for the benefit of one person for the Public Offer Shares in his own name. Multiple applications for the Public Offer Shares will be rejected, except in the case of applications by approved nominee companies where each application is made on behalf of a different beneficiary.**

APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE OFFERING SHARES IN SINGAPORE

You may not submit multiple applications for the Public Offer Shares via the Public Offer Shares Application Form, or Electronic Applications. A person who is submitting an application for the Public Offer Shares by way of the Public Offer Shares Application Form may not submit another application for the Public Offer Shares by way of Electronic Applications and vice versa.

A person, other than an approved nominee company, who is submitting an application for the Public Offer Shares in his own name should not submit any other applications for the Public Offer Shares, whether on a printed Application Form or by way of an Electronic Application, for any other person. Such separate applications will be deemed to be multiple applications and shall be rejected.

Joint or multiple applications for the Public Offer Shares shall be rejected. Persons submitting or procuring submissions of multiple applications for the Public Offer Shares may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, and such applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications (other than as provided herein) will be liable to be rejected at our discretion.

- (6) Multiple applications may be made in the case of applications by any person for (i) the Placement Shares only (via the Placement Shares Application Form or such other form of application as the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters may in their absolute discretion deem appropriate) or (ii) the Placement Shares together with a single application for the Public Offer Shares.**

Multiple applications may also be made by any person entitled to apply for the Reserved Shares by making of a single application for the Reserved Shares and (i) a single application for the Public Offer Shares (other than the Reserved Shares), or (ii) a single or multiple application(s) for the Placement Shares (whether via the Placement Shares Application Form or such other form of application as the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters may in their absolute discretion deem appropriate) or (iii) both (i) and (ii).

- (7) Applications from any person under the age of 18 years, undischarged bankrupts, sole proprietorships, partnerships, chops or non-corporate bodies, joint Securities Account holders of CDP will be rejected.
- (8) Applications from any person whose addresses (furnished in their printed Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Bank, as the case may be) bear post office box numbers will be rejected. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of the application.
- (9) The existence of a trust will not be recognised. Any application by a trustee or trustees must be made in his/her or their own name(s) and without qualification or, where the application is made by way of a printed Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 10 below.

APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE OFFERING SHARES IN SINGAPORE

- (10) **Nominee applications may only be made by approved nominee companies.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies will be rejected.
- (11) **If you are not an approved nominee company, you must maintain a Securities Account with CDP in your own name at the time of your application.** If you do not have an existing Securities Account with CDP in your own name at the time of application, your application will be rejected (if you apply by way of an Application Form) or you will not be able to complete your application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your CDP Securities Account number or provide an incorrect CDP Securities Account number in your Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected.
- (12) Subject to paragraphs 14 to 17 below, your application is liable to be rejected if your particulars such as name, National Registration Identity Card (“**NRIC**”) number or passport number or company registration number, nationality and permanent residence status, and CDP Securities Account number provided in your Application Form, or in the case of an Electronic Application, contained in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained by CDP. If you have more than one individual direct Securities Account with CDP, your application shall be rejected.
- (13) **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allocation from CDP will be sent to your address last registered with CDP.**
- (14) This Prospectus and its accompanying documents (including the Application Forms) have not been registered in any jurisdiction other than in Singapore. The distribution of this Prospectus and its accompanying documents (including the Application Forms) may be prohibited or restricted (either absolutely or unless various securities requirements, whether legal or administrative, are complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions.

Without limiting the generality of the foregoing, neither this Prospectus and its accompanying documents (including the Application Forms) nor any copy thereof may be taken, transmitted, published or distributed, whether directly or indirectly, in whole or in part in or into the United States or any other jurisdiction (other than Singapore) and they do not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction where it is unlawful to do so. The Offering Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the “**US Securities Act**”) or the securities law of any state of the United States and may not be offered or sold within the United States (as defined in Regulation S under the US Securities Act (“**Regulation S**”)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state laws. The Offering Shares are only being offered and sold

APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE OFFERING SHARES IN SINGAPORE

outside the United States (including to institutional and other investors in Singapore) in offshore transactions as defined in, and in reliance on, Regulation S. Any failure to comply with this restriction may constitute a violation of securities laws of applicable jurisdictions.

Our Company reserves the right to reject any application for Offering Shares where our Company believes or has reason to believe that such applications may violate the securities laws or any applicable legal or regulatory requirements of any jurisdiction.

No person in any jurisdiction outside Singapore receiving this Prospectus or its accompanying documents (including the Application Forms) may treat the same as an offer or invitation to subscribe for any Offering Shares unless such an offer or invitation could lawfully be made without compliance with any regulatory or legal requirements in those jurisdictions.

- (15) Our Company reserves the right to reject any application which does not conform strictly to the instructions or with the terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms, in the ATMs and IB websites of the relevant Participating Banks) or, in the case of an application by way of an Application Form, the contents of which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance.
- (16) Our Company further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions and terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms and in the ATMs and IB websites of the relevant Participating Banks), and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof. Without prejudice to the rights of our Company, each of the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters, as an agent of our Company, has been authorised to accept, for and on behalf of our Company, such other forms of application as the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters may deem appropriate.
- (17) Our Company reserves the right to reject or to accept, in whole or in part, or to scale down or to ballot, any application, without assigning any reason therefor, and none of our Company and/or the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters will entertain any enquiry and/or correspondence on the decision of our Company. This right applies to applications made by way of Application Forms and by way of Electronic Applications and by such other forms of application as the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters may, in consultation with our Company, deem appropriate. In deciding the basis of allocation, our Company, in consultation with the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters, will give due consideration to the desirability of allocating the Offering Shares to a reasonable number of applicants with a view to establishing an adequate market for the Offering Shares.
- (18) In the event that our Company lodges a supplementary or replacement prospectus (“**Relevant Document**”) pursuant to the Securities and Futures Act or any applicable legislation in force from time to time prior to the close of the Offering, and the Offering Shares have not been issued, our Company will (as required by law) at our Company’s sole and absolute discretion either:

**APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR
APPLICATION AND ACCEPTANCE OF
THE OFFERING SHARES IN SINGAPORE**

- (a) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of the lodgment of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or
- (b) within seven (7) days of the lodgment of the Relevant Document, give you a copy of the Relevant Document and provide you with an option to withdraw your application; or
- (c) deem your application as withdrawn and cancelled and refund your application monies (without interest or any share of revenue or other benefit arising therefrom) to you within seven (7) days from the lodgment of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 18(a) and (b) above to withdraw his application shall, within 14 days from the date of lodgment of the Relevant Document, notify our Company whereupon our Company shall, within seven (7) days from the receipt of such notification, return all monies in respect of such application (without interest or any share of revenue or other benefit arising therefrom and at his own risk).

In the event that the Offering Shares have already been issued at the time of the lodgment of the Relevant Document but trading has not commenced, our Company will (as required by law) either:

- (i) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of the lodgment of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to our Company the Offering Shares which you do not wish to retain title in and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or
- (ii) within seven (7) days from the lodgment of the Relevant Document, give you a copy of the Relevant Document and provide you with an option to return the Offering Shares which you do not wish to retain title in; or
- (iii) deem the issue as void and refund your payment for the Offering Shares (without interest or any share of revenue or other benefit arising therefrom) within seven (7) days from the lodgment of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 18(i) and (ii) above to return the Offering Shares issued to him shall, within 14 days from the date of lodgment of the Relevant Document, notify our Company of this and return all documents, if any, purporting to be evidence of title of those Offering Shares, whereupon our Company shall within seven (7) days from the receipt of such notification and documents, pay to him all monies paid by him for the Offering Shares without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the Offering Shares issued to him shall be deemed to be void.

APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE OFFERING SHARES IN SINGAPORE

Additional terms and instructions applicable upon the lodgment of the Relevant Document, including instructions on how you can exercise the option to withdraw, may be found in such Relevant Document.

- (19) The Offering Shares may be re-allocated between the Placement and the Public Offer for any reason, including in the event of excess applications in one and a deficit of applications in the other by the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters, in consultation with our Company, subject to any applicable laws.
- (20) Subject to your provision of a valid and correct CDP Securities Account number, share certificates in respect of the Offering Shares will be registered in the name of CDP or its nominee and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Offering, and subject to the submission of valid applications and payment for the Offering Shares, a statement of account stating that your CDP Securities Account has been credited with the number of Offering Shares allocated to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the Offering Shares allocated to you. This authorisation applies to applications made both by way of Application Forms and by way of Electronic Applications.
- (21) You irrevocably authorise CDP to disclose the outcome of your application, including the number of Offering Shares allocated to you pursuant to your application, to our Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters and any other parties so authorised by CDP, our Company, the Sole Issue Manager, the Joint Global Coordinators and/or the Joint Bookrunners and Underwriters.
- (22) Any reference to “you” or the “Applicant” in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the Offering Shares by way of an Application Form or by way of Electronic Application or by such other manner as the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters may, in their absolute discretion, deem appropriate.
- (23) By completing and delivering an Application Form and, in the case of: (i) an ATM Electronic Application, by pressing the “Enter” or “OK” or “Confirm” or “Yes” key or any other relevant key on the ATM, or (ii) in the case of an Internet Electronic Application, by clicking “Submit” or “Continue” or “Yes” or “Confirm” or any other button on the IB website screen of the relevant Participating Bank in accordance with the provisions herein, you:
 - (a) irrevocably agree and undertake to subscribe for the number of Offering Shares specified in your application (or such smaller number for which the application is accepted) at the Offering Price for each Offering Share and agree that you will accept such number of Offering Shares as may be allocated to you, in each case on the terms of, and subject to the conditions set out in, the Prospectus and its accompanying documents (including the Application Forms) and the Constitution of our Company;
 - (b) agree that, in the event of any inconsistency between the terms and conditions for application set out in this Prospectus and its accompanying documents (including the

APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE OFFERING SHARES IN SINGAPORE

Application Forms) and those set out in the IB websites or ATMs of the Participating Banks, the terms and conditions set out in the Prospectus and its accompanying documents (including the Application Forms) shall prevail;

- (c) in the case of an application by way of a Public Offer Shares Application Form or an Electronic Application, agree that the aggregate Offering Price for the Public Offer Shares applied for is due and payable to our Company upon application;
- (d) in the case of an application by way of a Placement Shares Application Form or such other forms of application as the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters may in their absolute discretion deem appropriate, agree that the aggregate Offering Price for the Placement Shares applied for is due and payable to our Company upon application;
- (e) (i) consent to the collection, use, processing and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, CDP Securities Account number, share application details, the outcome of your application (including the number of Offering Shares allocated to you pursuant to your application) and other personal data (“**Personal Data**”) by the Share Registrar, CDP, Securities Clearing and Computer Services (Pte) Ltd (“**SCCS**”), SGX-ST, the Participating Banks, our Company, the Sole Issue Manager, the Joint Global Coordinators, the Joint Bookrunners and Underwriters and/or other authorised operators (the “**Relevant Persons**”) for the purpose of facilitating your application for the Offering Shares, and in order for the Relevant Persons to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”) and warrant that such Personal Data is true, accurate and correct, (ii) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to the Relevant Persons, you have obtained the prior consent of such beneficial owner(s) for the collection, use, processing and disclosure by the Relevant Persons of the Personal Data of such beneficial owner(s) for the Purposes, (iii) agree that the Relevant Persons may do anything or disclose any Personal Data or matters without notice to you if the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters consider them to be required or desirable in respect of any applicable policy, law, regulation, government entity, regulatory authority or similar body, and (iv) agree that you will indemnify the Relevant Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of your breach of warranties. You also agree that the Relevant Persons shall be entitled to enforce this indemnity (collectively, the “**Personal Data Privacy Terms**”);
- (f) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company and the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters in determining whether to accept your application and/or whether to allocate any Offering Shares to you;
- (g) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and neither our Company, the

APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE OFFERING SHARES IN SINGAPORE

Sole Issue Manager, the Joint Global Coordinators nor the Joint Bookrunners and Underwriters will infringe any such laws as a result of the acceptance of your application;

- (h) understand that the Offering Shares have not been and will not be registered under the US Securities Act and are only being offered and sold outside the United States in offshore transactions as defined in, and in reliance on, Regulation S; and
 - (i) agree and confirm that you are located outside the United States (within the meaning of Regulation S). Any failure to comply with these terms may constitute a violation of United States securities laws.
- (24) Acceptance of applications will be conditional upon, among others, our Company being satisfied that:
- (a) permission has been granted by the SGX-ST to deal in and for the quotation of all of the (i) Shares in our Company already issued; (ii) the Offering Shares to be issued pursuant to the Offering; (iii) the Additional Shares; (iv) the Cornerstone Shares; (v) the GLOW Initial Shares; (vi) the Opp Plans Shares; (vii) the Top-up Issuance Shares; and (viii) the GROW Award Shares on the Main Board of the SGX-ST;
 - (b) the Underwriting Agreement, referred to in the section entitled “Plan of Distribution” of this Prospectus, has become unconditional and has not been terminated; and
 - (c) the Authority has not served a stop order which directs that no or no further shares to which this Prospectus relates be allotted or issued (“**Stop Order**”). The Securities and Futures Act provides that the Authority shall not serve a Stop Order if all the Shares have been issued and listed for quotation on the SGX-ST and trading in them has commenced.
- (25) In the event that a Stop Order in respect of the Shares is served by the Authority or other competent authority:
- (a) where the Shares have not been issued, (i) the Securities and Futures Act provides that applications shall be deemed to be withdrawn and cancelled; and (ii) our Company shall refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order; or
 - (b) where the Shares have already been issued but trading has not commenced, (i) the Securities and Futures Act provides that the issue will be deemed void; and (ii) our Company shall refund your payment for the Shares (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days from the date of the Stop Order.

This shall not apply where only an interim Stop Order has been served.

- (26) In the event that an interim Stop Order in respect of the Shares is served by the Authority or other competent authority, no Offering Shares shall be issued to you until the Authority revokes the interim Stop Order. The Authority is not able to serve a Stop Order in respect of the Shares if the Shares have been issued and listed on the SGX-ST and trading in them has commenced.

APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE OFFERING SHARES IN SINGAPORE

- (27) Additional terms and conditions for applications by way of Application Forms are set out in the section entitled “*Additional Terms and Conditions for Applications using Printed Application Forms*” on pages G-9 to G-12 of this Prospectus.
- (28) Additional terms and conditions for applications by way of Electronic Applications are set out in the section entitled “*Additional Terms and Conditions for Electronic Applications*” on pages G-14 to G-21 of this Prospectus.
- (29) All payments in respect of any application for Public Offer Shares, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.
- (30) All payments in respect of any application for Placement Shares, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.
- (31) All payments in respect of any application for Reserved Shares, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.
- (32) No application will be held in reserve.
- (33) This Prospectus is dated 8 June 2017. No Shares shall be allotted and/or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the Authority.

Additional Terms and Conditions for Applications using Printed Application Forms

Applications by way of an Application Form shall be made on, and subject to the terms and conditions of this Prospectus, including but not limited to the terms and conditions set out below, as well as those set out under the section entitled “*Terms, Conditions and Procedures for Application and Acceptance of the Offering Shares in Singapore*” on pages G-1 to G-26 of this Prospectus and the Constitution of our Company.

- (34) Applications for the Public Offer Shares (other than the Reserved Shares) must be made using the printed **WHITE** Public Offer Shares Application Form and printed **WHITE** official envelopes “A” and “B”, accompanying and forming part of this Prospectus.

Applications for the Placement Shares must be made using the printed **BLUE** Placement Shares Application Form (or in such manner as the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters may in their absolute discretion deem appropriate), accompanying and forming part of this Prospectus.

Applications for the Reserved Shares must be made using the printed **PINK** Reserved Shares Application Forms, accompanying and forming part of this Prospectus.

Without prejudice to the rights of our Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters, as agents of our Company,

APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE OFFERING SHARES IN SINGAPORE

have been authorised to accept, for and on behalf of our Company, such other forms of application, as the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters may (in consultation with our Company) deem appropriate.

Your attention is drawn to the detailed instructions contained in the Application Forms and this Prospectus for the completion of the Application Forms, which must be carefully followed. **Our Company reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus or to the terms and conditions of this Prospectus or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances.**

- (35) You must complete your Application Form in English. Please type or write clearly in ink using **BLOCK LETTERS**.
- (36) You must complete all spaces in your Application Form except those under the heading “**FOR OFFICIAL USE ONLY**” and you must write the words “**NOT APPLICABLE**” or “**N.A.**” in any space that is not applicable.
- (37) Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears on your NRIC (if you have such an identification document) or in your passport and in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your common seal (if any) in accordance with your Constitution or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Constitution or equivalent constitutive documents must be lodged with our Share Registrar. Our Company reserves the right to require you to produce documentary proof of identification for verification purposes.
- (38)
 - (a) You must complete Sections A and B and sign page 1 of the Application Form.
 - (b) You are required to delete either paragraph 7(c) or 7(d) on page 1 of the Application Form. Where paragraph 7(c) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
 - (c) If you fail to make the required declaration in paragraph 7(c) or 7(d), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
- (39) You (whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Offering Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore

APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE OFFERING SHARES IN SINGAPORE

or any body corporate incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation.

- (40) You may apply and make payment for your application for the Public Offer Shares in Singapore currency only in cash. Each application must be accompanied by a cash remittance in Singapore currency for the full amount payable in Singapore dollars of the Offering Price of S\$0.90 for each Public Offer Share, in respect of the number of Public Offer Shares applied for. The remittance must be in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**HRNET SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**" with your name, CDP Securities Account number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. No combined Banker's Draft or Cashier's Order for different CDP Securities Accounts shall be accepted. Remittances bearing "**NOT TRANSFERABLE**" or "**NON-TRANSFERABLE**" crossings will be rejected.

No acknowledgement of receipt will be issued for applications and application monies received.

- (41) Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post, in the event of oversubscription for the Public Offer Shares, within 24 hours of the balloting (or such shorter period as the SGX-ST may require), at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Offering, PROVIDED THAT the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account. If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you within three Market Days after the Offering is discontinued.
- (42) Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.
- (43) By completing and delivering the Application Form, you agree that:
- (a) in consideration of our Company having distributed the Application Form to you and by completing and delivering the Application Form before the close of the Offering:
 - (i) your application is irrevocable;
 - (ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;

APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE OFFERING SHARES IN SINGAPORE

- (iii) you understand that the Public Offer Shares have not been and will not be registered under the US Securities Act and are only being offered and sold outside the United States in offshore transactions as defined in, and in reliance on, Regulation S; and
- (iv) you represent and agree that you are located outside the United States (within the meaning of Regulation S);
- (b) all applications, acceptances or contracts resulting therefrom under the Offering shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
- (c) in respect of the Public Offer Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;
- (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
- (e) reliance is placed solely on information contained in this Prospectus and that none of our Company, Sole Issue Manager, the Joint Global Coordinators, the Joint Bookrunners and Underwriters or any other person involved in the Offering shall have any liability for any information not contained therein;
- (f) you accept and agree to the Personal Data Privacy Terms set out in this Prospectus;
- (g) for the purpose of facilitating your application, you consent to the collection, use, processing and disclosure, by or on behalf of our Company, of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, CDP Securities Account number, share application details and other personal data (the “**Relevant Particulars**”) to the Relevant Persons; and
- (h) you irrevocably agree and undertake to subscribe for the number of Public Offer Shares applied for as stated in the Application Form or any smaller number of such Public Offer Shares that may be allocated to you in respect of your application. In the event that our Company decides to allocate any smaller number of Public Offer Shares or not to allocate any Public Offer Shares to you, you agree to accept such decision as final.

Procedures Relating to Applications for the Public Offer Shares (other than the Reserved Shares) by Way of Printed Application Forms

- (1) Your application for the Public Offer Shares (other than the Reserved Shares) by way of printed Application Forms must be made using the **WHITE** Public Offer Shares Application Form and **WHITE** official envelopes “**A**” and “**B**”.

**APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR
APPLICATION AND ACCEPTANCE OF
THE OFFERING SHARES IN SINGAPORE**

(2) You must:

- (a) enclose the **WHITE** Public Offer Shares Application Form, duly completed and signed, together with the correct remittance for the full amount payable at the Offering Price in Singapore currency in accordance with the terms and conditions of this Prospectus and its accompanying documents, in the **WHITE** official envelope “**A**” provided;
- (b) in appropriate spaces on the **WHITE** official envelope “**A**”:
 - (i) write your name and address;
 - (ii) state the number of Public Offer Shares applied for; and
 - (iii) tick the relevant box to indicate form of payment;
- (c) **SEAL THE WHITE OFFICIAL ENVELOPE “A”**;
- (d) write, in the special box provided on the larger **WHITE** official envelope “**B**” addressed to HRnetGroup Limited, c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, the number of Public Offer Shares you have applied for;
- (e) insert the **WHITE** official envelope “**A**” into the **WHITE** official envelope “**B**” and seal the **WHITE** official envelope “**B**”; and
- (f) affix adequate Singapore postage on the **WHITE** official envelope “**B**” (if dispatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND** the documents at your own risk to HRnetGroup Limited, c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623,

so as to arrive by 12.00 noon on 14 June 2017 or such other date(s) and time(s) as our Company may agree with the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters. **Courier services or Registered Post must NOT be used.**

- (3) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected. Except for applications for the Placement Shares where remittance is permitted to be submitted separately, applications for the Public Offer Shares not accompanied by any payment or any other form of payment will not be accepted.
- (4) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE OFFERING SHARES IN SINGAPORE

Procedures Relating to Applications for the Placement Shares by Way of Printed Application Forms

- (1) Your application for the Placement Shares by way of printed Application Forms must be made using the **BLUE** Placement Shares Application Form.
- (2) The completed and signed **BLUE** Placement Shares Application Form and your remittance, in accordance with the terms and conditions of this Prospectus, for the full amount payable at the Offering Price, as the case may be, for each Placement Share in respect of the number of Placement Shares applied for, with your name, CDP Securities Account number and address clearly written on the reverse side, must be enclosed and sealed in an envelope to be provided by you. Your application for Placement Shares must be delivered to HRnetGroup Limited, c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, to arrive by 12.00 noon on 14 June 2017 or such other date(s) and time(s) as our Company may agree with the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters. **Courier services or Registered Post must NOT be used.**
- (3) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected.
- (4) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Procedures Relating to Applications for the Reserved Shares by Way of Printed Application Forms

- (1) Your application for the Reserved Shares by way of printed Application Forms must be made using the **PINK** Reserved Shares Application Form.
- (2) The completed and signed **PINK** Reserved Shares Application Form and your remittance, in accordance with the terms and conditions of this Prospectus, for the full amount payable at the Offering Price, as the case may be, for each Reserved Share in respect of the number of Reserved Shares applied for, with your name, CDP Securities Account number and address clearly written on the reverse side, must be enclosed and sealed in the **WHITE** official envelope. Your application for Reserved Shares must be delivered to HRnetGroup Limited, c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, to arrive by 12.00 noon on 12 June 2017 or such other date(s) and time(s) as our Company may agree with the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters. **Courier services or Registered Post must NOT be used.**
- (3) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected.
- (4) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE OFFERING SHARES IN SINGAPORE

Additional Terms and Conditions for Electronic Applications

Electronic Applications shall be made on and subject to the terms and conditions of this Prospectus, including but not limited to the terms and conditions set out below and those under the section entitled “*Terms, Conditions and Procedures for Application and Acceptance of the Offering Shares in Singapore*” on pages G-1 to G-26 of this Prospectus, as well as the Constitution of our Company.

- (1) The procedures for Electronic Applications are set out on the ATM screens of the relevant Participating Banks (in the case of ATM Electronic Applications), and the IB website screens of the relevant Participating Banks (in the case of Internet Electronic Applications).
- (2) For illustration purposes, the procedures for Electronic Applications for Public Offer Shares through ATMs and the IB website of DBS Bank (together the “**Steps**”) are set out in pages G-21 to G-26 of this Prospectus. The Steps set out the actions that you must take at ATMs and the IB website of DBS Bank to complete an Electronic Application. The actions that you must take at the ATMs and the IB websites of the other Participating Banks are set out on the ATM screens, or the IB website screens of the respective Participating Banks. Please read carefully the terms and conditions of this Prospectus and its accompanying documents (including the Application Forms), the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application.
- (3) Any reference to “you” or the “Applicant” in these Additional Terms and Conditions for Electronic Applications and the Steps shall refer to you making an application for Public Offer Shares through an ATM of one of the relevant Participating Banks, or the IB website of a relevant Participating Bank.
- (4) If you are making an ATM Electronic Application:
 - (a) You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks. An ATM card issued by one Participating Bank cannot be used to apply for Public Offer Shares at an ATM belonging to other Participating Banks.
 - (b) You must ensure that you enter your own CDP Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or do not key in your own CDP Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own CDP Securities Account number when using the ATM card issued to you in your own name. Using your own CDP Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.
 - (c) Upon the completion of your ATM Electronic Application, you will receive an ATM transaction slip (“**Transaction Record**”), confirming the details of your ATM Electronic Application. The Transaction Record is for your retention and should not be submitted with any printed Application Form.

APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE OFFERING SHARES IN SINGAPORE

- (5) If you are making an Internet Electronic Application:
- (a) You must have an existing bank account with, and a User Identification (“**User ID**”) as well as a Personal Identification Number (“**PIN**”) given by, the relevant Participating Bank.
 - (b) You must ensure that the mailing address of your account selected for the application is in Singapore and you must declare that the application is being made in Singapore. Otherwise, your application is liable to be rejected. In connection with this, you will be asked to declare that you are in Singapore at the time you make the application.
 - (c) Upon the completion of your Internet Electronic Application through the IB website of the relevant Participating Bank, there will be an on-screen confirmation (“**Confirmation Screen**”) of the application which can be printed out or screen captured by you for your record. This printed record or screen capture of the Confirmation Screen is for your retention and should not be submitted with any printed Application Form.
- (6) In connection with your Electronic Application for Public Offer Shares, you are required to confirm statements to the following effect in the course of activating the Electronic Application:
- (a) that you have received a copy of the Prospectus (in the case of Electronic Applications) and have read, understood and agreed to all the terms and conditions of application for the Public Offer Shares and the Prospectus prior to effecting the Electronic Application and agree to be bound by the same;
 - (b) you accept and agree to the Personal Data Privacy Terms set out in this Prospectus;
 - (c) that, for the purposes of facilitating your application, you consent to the collection, use, processing and disclosure, by or on behalf of our Company, of your Relevant Particulars from your records with the relevant Participating Bank to the Relevant Parties; and
 - (d) where you are applying for the Public Offer Shares, that this is your only application for the Public Offer Shares and it is made in your name and at your own risk.

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key in the ATM or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen. By doing so, you shall be treated as signifying your confirmation of each of the four statements above. In respect of statement 6(b) above, your confirmation, by pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key in the ATM or clicking “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore, including Section 47(2) of the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank of the Relevant Particulars of your account(s) with that Participating Bank to the Relevant Parties.

APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE OFFERING SHARES IN SINGAPORE

By making an Electronic Application, you confirm that you are not applying for the Public Offer Shares as a nominee of any other person and that any Electronic Application that you make is the only application made by you as the beneficial owner. You shall make only one Electronic Application for the Public Offer Shares and shall not make any other application for the Public Offer Shares whether at the ATMs of any Participating Bank, the IB websites of the relevant Participating Banks or on the Application Forms. Where you have made an application for the Public Offer Shares on an Application Form, you shall not make an Electronic Application for the Public Offer Shares and vice versa.

- (7) You must have sufficient funds in your bank account with your Participating Bank at the time you make your ATM Electronic Application or Internet Electronic Application, failing which such Electronic Application will not be completed. Any Electronic Application which does not conform strictly to the instructions set out in this Prospectus or on the screens of the ATMs or on the IB website of the relevant Participating Bank, as the case may be, through which your Electronic Application is being made shall be rejected.
- (8) You may apply and make payment for your application for the Public Offer Shares in Singapore currency through any ATM or IB website of your Participating Bank (as the case may be) by authorising your Participating Bank to deduct the full amount payable from your bank account(s) with such Participating Bank.
- (9) You irrevocably agree and undertake to subscribe for and to accept the number of Public Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of such Public Offer Shares that may be allocated to you in respect of your Electronic Application. In the event that our Company decides to allocate any lesser number of such Public Offer Shares or not to allocate any Public Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key in the ATM or clicking “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen) of the number of Public Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Public Offer Shares that may be allocated to you and your agreement to be bound by the Constitution of our Company.
- (10) Our Company will not keep any application in reserve. Where your Electronic Application is unsuccessful, the full amount of the application monies will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank, within 24 hours of the balloting (or such shorter period as the SGX-ST may require) provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account.

Where your Electronic Application is rejected or accepted in part only, the balance of the application monies, as the case may be, will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank, within 14 Market Days after the close of the Offering provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account.

APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE OFFERING SHARES IN SINGAPORE

If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you within three Market Days after the Offering is discontinued.

Responsibility for timely refund of application monies (whether from unsuccessful or partially successful Electronic Applications or otherwise) lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any money to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Public Offer Shares, if any, allocated to you before trading the Shares on the SGX-ST. None of the SGX-ST, CDP, SCCS, the Participating Banks, our Company, the Sole Issue Manager, the Joint Global Coordinators or the Joint Bookrunners and Underwriters assumes any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

- (11) If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Bank.
- (12) Applicants who make ATM Electronic Applications through the ATMs of the following Participating Banks may check the provisional results of their ATM Electronic Applications as follows:

Bank	Telephone	Other Channels	Operating Hours	Service expected from
DBS Bank Ltd. (including POSB) ("DBS Bank")	1800 339 6666 (for POSB account holders) 1800 111 1111 (for DBS account holders)	IB http://www.dbs.com ⁽¹⁾	24 hours a day	Evening of the balloting day
Oversea-Chinese Banking Corporation Limited ("OCBC Bank")	1800 363 3333	Phone Banking/ATM/IB http://www.ocbc.com ⁽²⁾	24 hours a day	Evening of the balloting day
United Overseas Bank Limited ("UOB") and its subsidiary, Far Eastern Bank Limited ("UOB Group")	1800 222 2121	ATM (Other Transactions "IPO Results Enquiry")/Phone Banking/IB http://www.uobgroup.com ⁽³⁾	24 hours a day	Evening of the balloting day

Notes:

- (1) Applicants who have made Internet Electronic Applications through the IB website of DBS Bank may also check the results of their applications through the same channels listed in the table above in relation to ATM Electronic Applications made at the ATMs of DBS Bank.
- (2) Applicants who have made Electronic Application through the ATMs or the IB website of OCBC Bank may check the results of their applications through OCBC Bank Personal Internet Banking, OCBC Bank ATMs or OCBC Bank Phone Banking services.
- (3) Applicants who have made Electronic Application through the ATMs or the IB website of the UOB Group may check the results of their applications through UOB Personal Internet Banking, UOB Group ATMs or UOB Phone Banking services.

**APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR
APPLICATION AND ACCEPTANCE OF
THE OFFERING SHARES IN SINGAPORE**

- (13) ATM Electronic Applications shall close at 12.00 noon on 14 June 2017 or such other date(s) and time(s) as our Company may agree with the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters. All Internet Electronic Applications must be received by 12.00 noon on 14 June 2017, or such other date(s) and time(s) as our Company may agree with the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters. Internet Electronic Applications are deemed to be received when they enter the designated information system of the relevant Participating Bank.
- (14) You are deemed to have irrevocably requested and authorised our Company to:
- (a) register the Public Offer Shares allocated to you in the name of CDP for deposit into your Securities Account;
 - (b) send the relevant Share certificate(s) to CDP;
 - (c) return or refund (without interest or any share of revenue earned or other benefit arising therefrom) the application monies, should your Electronic Application be rejected or if the Offering does not proceed for any reason, by automatically crediting your bank account with your Participating Bank, at your risk, with the relevant amount within 24 hours after balloting (or such shorter period as the SGX-ST may require), or within three Market Days if the Offering does not proceed for any reason, after the close or discontinuation (as the case may be) of the Offering, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated share issue account; and
 - (d) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should your Electronic Application be rejected or accepted in part only, by automatically crediting your bank account with your Participating Bank, at your risk, with the relevant amount within 14 Market Days after the close of the Offering, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated share issue account.
- (15) You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdown, fires, acts of God and other events beyond the control of the Participating Banks, our Company, the Sole Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters, and if, in any such event our Company, the Sole Issue Manager, the Joint Global Coordinators, the Joint Bookrunners and Underwriters, and/or the relevant Participating Bank do not receive your Electronic Application, or any data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, the Sole Issue Manager, the Joint Global Coordinators, the Joint Bookrunners and Underwriters and/or the relevant Participating Bank for any Public Offer Shares applied for or for any compensation, loss or damage.

**APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR
APPLICATION AND ACCEPTANCE OF
THE OFFERING SHARES IN SINGAPORE**

- (16) The existence of a trust will not be recognised. Any Electronic Application by a trustee must be made in his own name and without qualification. Our Company shall reject any application by any person acting as nominee (other than approved nominee companies).
- (17) All your particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and the Relevant Persons shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you must promptly notify your Participating Bank.
- (18) You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected. You should promptly inform CDP of any change in address, failing which the notification letter on successful allocation will be sent to your address last registered with CDP.
- (19) By making and completing an Electronic Application, you are deemed to have agreed that:
- (a) in consideration of our Company making available the Electronic Application facility, through the Participating Banks acting as agents of our Company, at the ATMs and IB websites of the relevant Participating Banks:
 - (i) your Electronic Application is irrevocable;
 - (ii) your Electronic Application, the acceptance by our Company and the contract resulting therefrom under the Public Offer shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
 - (iii) you understand that the Public Offer Shares have not been and will not be registered under the US Securities Act and are only being offered and sold outside the United States in offshore transactions as defined in, and in reliance on, Regulation S; and
 - (iv) you represent and agree that you are located outside the United States (within the meaning of Regulation S);
 - (b) none of CDP, our Company, the Sole Issue Manager, the Joint Global Coordinators, the Joint Bookrunners and Underwriters and the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to our Company, or CDP or the SGX-ST due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 15 above or to any cause beyond their respective controls;
 - (c) in respect of the Public Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any payment received by or on behalf of our Company;

APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE OFFERING SHARES IN SINGAPORE

- (d) you will not be entitled to exercise any remedy for rescission for misrepresentation at any time after acceptance of your application;
- (e) reliance is placed solely on information contained in this Prospectus and that none of our Company, the Sole Issue Manager, the Joint Global Coordinators, the Joint Bookrunners and Underwriters or any other person involved in the Offering shall have any liability for any information not contained therein; and
- (f) you irrevocably agree and undertake to subscribe for the number of Public Offer Shares applied for as stated in your Electronic Application or any smaller number of such Public Offer Shares that may be allocated to you in respect of your Electronic Application. In the event our Company decides to allocate any smaller number of such Public Offer Shares or not to allocate any Public Offer Shares to you, you agree to accept such decision as final.

Steps for ATM Electronic Applications for Public Offer Shares through ATMs of DBS Bank (including POSB ATMs)

Instructions for ATM Electronic Applications will appear on the ATM screens of the respective Participating Bank. For illustrative purposes, the steps for making an ATM Electronic Application through a DBS Bank or POSB ATM are shown below. Certain words appearing on the screen are in abbreviated form (“A/C”, “amt”, “appln”, “&”, “I/C”, “No.”, “SGX” and “Max” refer to “Account”, “amount”, “application”, “and”, “NRIC”, “Number”, “SGX-ST” and “Maximum”, respectively). Instructions for ATM Electronic Applications on the ATM screens of the Participating Banks (other than DBS Bank, (including POSB)), may differ slightly from those represented below.

Step 1: Insert your personal DBS or POSB ATM Card.

2: Enter your Personal Identification Number.

3: Select “MORE SERVICES”.

4: Select language (for customers using multi-language card).

5: Select “ESA-IPO/Rights Appln/Bonds/SSB/SGS/INVESTMENTS”.

6: Select “ELECTRONIC SECURITIES APPLN (IPOS/BONDS/SECURITIES)”.

7: Read and understand the following statements which will appear on the screen:

1. (IN THE CASE OF A SECURITIES OFFERING THAT (I) IS SUBJECT TO A PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR, AS THE CASE MAY BE, THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED OR (II) REQUIRES A SIMPLIFIED DISCLOSURE DOCUMENT AND/OR PRODUCT HIGHLIGHTS SHEET TO BE ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE SECURITIES EXCHANGE AT THE TIME THE OFFER IS MADE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY A COPY OF THE

APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE OFFERING SHARES IN SINGAPORE

PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT (AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT) OR, IF APPLICABLE, A SIMPLIFIED DISCLOSURE DOCUMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) AND/OR PRODUCT HIGHLIGHTS SHEET WHICH CAN BE OBTAINED FROM THE ISSUE MANAGER(S) OR, AS THE CASE MAY BE, THE MANAGER(S) FOR THE OFFER, OR IF APPLICABLE, DBS/POSB BRANCHES IN SINGAPORE AND THE VARIOUS PARTICIPATING BANKS DURING BANKING HOURS, SUBJECT TO AVAILABILITY.

2. (IN THE CASE OF A SECURITIES OFFERING THAT (I) IS SUBJECT TO A PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED OR (II) REQUIRES A SIMPLIFIED DISCLOSURE DOCUMENT AND/OR PRODUCT HIGHLIGHTS SHEET TO BE ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE SECURITIES EXCHANGE AT THE TIME THE OFFER IS MADE) ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) OR, IF APPLICABLE, A SIMPLIFIED DISCLOSURE DOCUMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) AND/OR PRODUCT HIGHLIGHTS SHEET BEFORE SUBMITTING HIS APPLICATION WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) OR, IF APPLICABLE, A SIMPLIFIED DISCLOSURE DOCUMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE). A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT, AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT HAS BEEN LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR, AS THE CASE MAY BE, THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED, WHICH TAKES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS. WHERE APPLICABLE, A COPY OF THE SIMPLIFIED DISCLOSURE DOCUMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) AND/OR PRODUCT HIGHLIGHTS SHEET WHICH ARE AVAILABLE ON OUR WEBSITE HAS BEEN ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE SECURITIES EXCHANGE, WHICH TAKES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS.

**APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR
APPLICATION AND ACCEPTANCE OF
THE OFFERING SHARES IN SINGAPORE**

3. (IN THE CASE OF A SECURITIES OFFERING THAT DOES NOT REQUIRE A PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT TO BE LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED AND DOES NOT REQUIRE A SIMPLIFIED DISCLOSURE DOCUMENT AND/OR PRODUCT HIGHLIGHTS SHEET TO BE ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE RELEVANT SECURITIES EXCHANGE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) MAY BE MADE IN A NOTICE PUBLISHED IN A NEWSPAPER AND/OR A CIRCULAR/DOCUMENT DISTRIBUTED TO SECURITY HOLDERS. ANYONE WISHING TO ACQUIRE SUCH SECURITIES (OR UNITS OF SECURITIES SHOULD READ THE NOTICE/CIRCULAR/DOCUMENT BEFORE SUBMITTING HIS APPLICATION, WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE NOTICE/CIRCULAR/DOCUMENT.
- 8: Select “HRNET” to display details.
- 9: Press the “ENTER” key to acknowledge.
4. YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL THE TERMS OF APPLICATION AND (WHERE APPLICABLE) THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT/SIMPLIFIED DISCLOSURE DOCUMENT/PRODUCT HIGHLIGHTS SHEET, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT/SIMPLIFIED DISCLOSURE DOCUMENT/PRODUCT HIGHLIGHTS SHEET AND/OR NOTICE/CIRCULAR.
5. FOR THE PURPOSES OF FACILITATING YOUR APPLICATION, YOU CONSENT TO THE BANK COLLECTING AND USING YOUR NAME, NRIC/PASSPORT NUMBER, ADDRESS, NATIONALITY, CDP SECURITIES ACCOUNT NUMBER, CPF INVESTMENT ACCOUNT NUMBER, APPLICATION DETAILS AND OTHER PERSONAL DATA AND DISCLOSING THE SAME FROM OUR RECORDS TO SHARE REGISTRARS OF SECURITIES OF THE ISSUER, SGX, CDP, CPF, ISSUER/VENDOR(S) AND ISSUE MANAGER(S).
6. THIS APPLICATION IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
7. FOR FIXED AND MAXIMUM PRICE SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
8. THE MAXIMUM PRICE FOR EACH SECURITY IS PAYABLE IN FULL ON APPLICATION AND SUBJECT TO REFUND IF THE FINAL PRICE IS LOWER.
9. FOR TENDER SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AT THE SELECTED TENDER PRICE AND IT IS MADE IN YOUR NAME AND AT YOUR OWN RISK.

APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE OFFERING SHARES IN SINGAPORE

10. YOU ARE NOT LOCATED IN THE UNITED STATES AS REFERRED TO IN (WHERE APPLICABLE) THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/ PROFILE STATEMENT/SIMPLIFIED DISCLOSURE DOCUMENT/PRODUCT HIGHLIGHTS SHEET, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/ OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT/ SIMPLIFIED DISCLOSURE DOCUMENT AND/OR NOTICE/CIRCULAR.
11. THERE MAY BE A LIMIT ON THE MAXIMUM NUMBER OF SECURITIES THAT YOU CAN APPLY FOR. SUBJECT TO AVAILABILITY, YOU MAY BE ALLOTTED/ALLOCATED A SMALLER NUMBER OF SECURITIES THAN YOU APPLIED FOR.
- 10: Select your nationality.
- 11: Select the DBS Bank account (Autosave/Current/Savings/Savings Plus) or the POSB account (Current/Savings) from which to debit your application monies.
- 12: Enter the number of securities you wish to apply for using cash.
- 13: Enter or confirm (if your CDP Securities Account number has already been stored in DBS Bank's records) your own 12-digit CDP Securities Account number (Note: This step will be omitted automatically if your CDP Securities Account Number has already been stored in DBS Bank's records).
- 14: Check the details of your securities application, your CDP Securities Account number, number of securities and application amount on the screen and press the "ENTER" key to confirm your application.
- 15: Remove the Transaction Record for your reference and retention only.

Steps for Internet Electronic Application for Public Offer Shares through the IB Website of DBS Bank

For illustrative purposes, the steps for making an Internet Electronic Application through the DBS Bank IB website are shown below. Certain words appearing on the screen are in abbreviated form ("A/C", "&", "amt", "I/C" and "No." refer to "Account", "and", "Amount", "NRIC" and "Number", respectively).

- Step 1: Click on DBS Bank website (www.dbs.com).
- 2: Login to Internet banking.
 - 3: Enter your User ID and PIN.
 - 4: Enter your DBS BANK iB Secure PIN.
 - 5: Select "Electronic Security Application (ESA)".

APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE OF THE OFFERING SHARES IN SINGAPORE

- 6: Click “Yes” to proceed and to warrant, among others, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore and that you are located outside the United States (as defined in Regulation S under the United States Securities Act of 1933, amended).
- 7: Select your country of residence and click “Next”.
- 8: Click on “HRNET” and click “Next”.
- 9: Click on “Next” to confirm, among others:
 - (i) You have read, understood and agreed to all terms of application set out in the Prospectus/Offer Information Statement/Document/Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Offer Information Statement/Document/Profile Statement/Simplified Disclosure Document and/or applicable notice/circular.
 - (ii) For the purposes of facilitating your application, you consent to the Bank collecting and using your name, NRIC/passport number, address, nationality, CDP securities account number, CPF investment account number, application details and other personal data and disclosing the same from our records to registrars of securities of the issuer, SGX, SCCS, CDP, CPF, issuer/vendor(s) and issue manager(s).
 - (iii) You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**US Securities Act**”) and are only being offered and sold outside the United States in offshore transactions as defined in, and in reliance on, Regulation S under the US Securities Act (“**Regulation S**”). Accordingly, you represent that you are located outside the United States not a US Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended). Any failure to comply with these terms may constitute a violation of the United States securities laws.
 - (iv) This application is made in your own name and at your own risk.
 - (v) For FIXED/MAXIMUM price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.
 - (vi) For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S\$, based on the Bank’s prevailing board rates at the time of application. Any refund monies will be credited in S\$ based on the Bank’s prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss. Alternatively, application monies may be debited and refunds credited in S\$ at the same exchange rate.

**APPENDIX G – TERMS, CONDITIONS AND PROCEDURES FOR
APPLICATION AND ACCEPTANCE OF
THE OFFERING SHARES IN SINGAPORE**

(vii) For 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.

10: Fill in details for securities application and click “Next”.

11: Check the details of your securities application, your CDP Securities Account No. and click “Confirm” to confirm your application.

12: Print the Confirmation Screen (optional) for your reference and retention only.

HRnetGroup

HRNETGROUP LIMITED

(Company Registration No.: 201625854G)

(Incorporated in the Republic of Singapore on 21 September 2016)

391A Orchard Road
Ngee Ann City Tower A
#23-06
Singapore 238873
www.hrnetgroup.com