HRnetGroup

Annual Report 2017

10 Brands. 25 Business Units. 10 Asian Cities. 1 HRnetGroup.

Largest Recruitment Agency in Asia (ex-Japan)

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HRnetGroup

ABOVE ALL ELSE IT IS ABOUT PEOPLE MAKING A DIFFERENCE

We use facts, technology, talent landscape maps, psychometric tests, face-reading, our senses, along with a number of other tools – all to identify and attract the best talents for our clients. Because we know that the work we do is both an art and a science.

It is never about picking the first candidate who happens to be available. Ours is an extremely nuanced approach – one that involves a conscious engineering of human interactions. We acquire for our clients superior talent who may otherwise have never left their roles, but for the fact that we reached out to show them that they could do a lot better for the world and themselves with our clients. And of course, for the ones with the need for high volume and speed, we place candidates every hour on the hour.

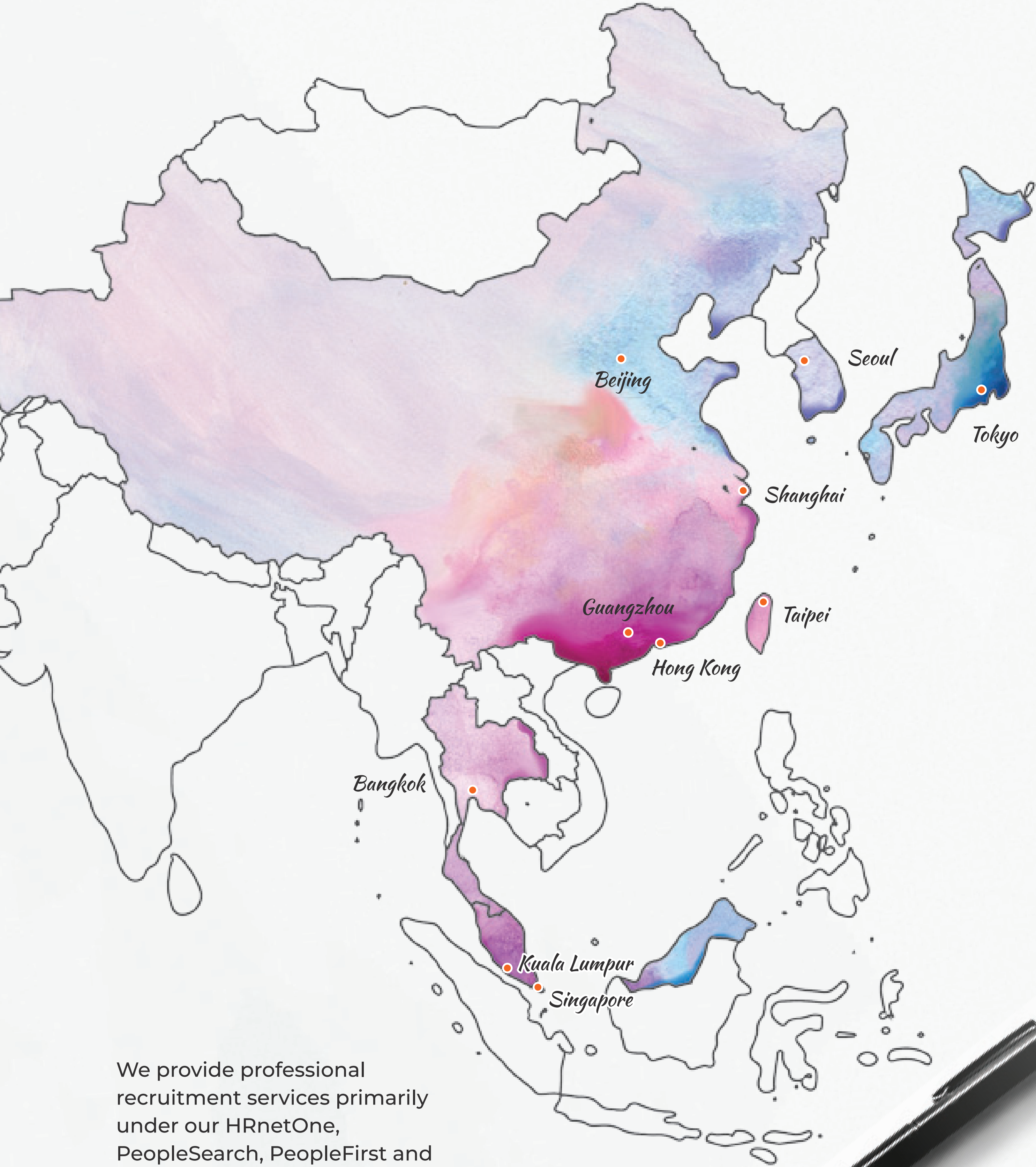
It is perhaps not surprising that we have been profitable for 24 financial years, and have grown from a 4-man team in a 300 square feet office in Orchard Shopping Centre, to over 1,000 people today across 10 Asian growth cities. There is intrinsic value in what we do, particularly when performed with equal parts Purpose and Passion, which we pride ourselves with.

Because when it comes to delivering the best talents, we set the bar high, to the most exacting of standards. So that we are able to move the needle from meeting to exceeding expectations.

This is how we make a difference to the lives of those who cross our path.

Overview

Our brands represent 25 years of organisation-building.



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

Currently operating in 10 Asian growth cities, our focus is on vibrant cities with high levels of commercial activities and job opportunities.

Our Brands

HRnetOne

HRnetOne was founded in 1992 with the vision to revolutionise the headhunting industry, emphasising process and quantitative methods to improve and accelerate the hiring process.

26 years later, it is evident the formula works. We are now one of the leading executive search organisations in the region, covering all major industry sectors across 10 cities.

HRnetOne is renowned for developing customised solutions for its clients, based on a keen understanding of their needs and great expertise in talent acquisition. We don't commence looking at a search ground when a client authorises a search, we curate a comprehensive proprietary talent landscape for a client's unique needs.

Coverage: Singapore, Kuala Lumpur, Hong Kong, Taipei, Tokyo, Shanghai, Bangkok, Beijing, Seoul and Guangzhou.

www.hrnetone.com

Recruit Express

Recruit Express has been the dominant staffing solutions provider in Singapore for more than a decade.

Established in 1996, it is the go-to partner for companies seeking to quickly and effectively grow its talent resource, and has a reputation for being able to attract and supply candidates and contractors who are cream-of-the-crop.

With over 400 consultants from various professional backgrounds and disciplines across 4 cities, Recruit Express is the market leader forging ahead, who candidates know can help them find jobs even within a day.

Coverage: Singapore, Hong Kong, Kuala Lumpur and Taipei.

www.recruitexpress.com.sg

Recruit Express Services

Recruit Express Services Pte Ltd (RESS) is the industrial and international recruitment arm of the Recruit Express Group.

RESS focuses on hiring skilled and semi-skilled workers for clients in the Logistics, Manufacturing, F&B, Retail, Hospitality, Events, and Oil & Gas industries. RESS administers payroll and statutory contributions, provides insurance and Work Injury Compensation coverage, and gives HR support.

RESS is also an approved and licensed employment agency for international recruitment and assists clients in the work permit application process.

Coverage: Singapore.

www.recruitexpress.com.sg

PeopleSearch / PeopleFirst

PeopleSearch has always been about success.

Spun-off in 2000 with the mandate to be a success-based brand, PeopleSearch is structured into deep specialisations, and services only growth industries and functions in each city.

PeopleSearch's success-based DNA means its teams are primed to deliver at a blistering pace with precision.

In Malaysia, PeopleSearch operates under the brand name PeopleFirst.

Coverage: Taipei, Singapore, Tokyo, Kuala Lumpur, Hong Kong and Shanghai.

www.pplesearch.com
www.pplefirst.com

Recruit Legal

A specialist brand within the Group, Recruit Legal was established in 2004 to focus on legal, compliance, and company secretarial recruitment.

It is focused on facilitating the success of our clients, whilst enhancing the career opportunities of our candidates.

Clients of Recruit Legal span from leading international banks, financial institutions, Fortune 500 multinational companies, to global law firms, and our "Right Fit" approach has given us an enviable placement success rate of 98%.

Coverage: Singapore, Hong Kong and Kuala Lumpur.

www.recruit-legal.com

SearchAsia

Launched in 2005, SearchAsia is an exceptional company which was recognised by DP Information Group as one of the 50 Fastest Growing Companies in Singapore in 2016.

One of the foremost names in professional recruitment known for its strong work ethic, SearchAsia is a trusted partner of clients who know that we will go out of our way to ensure they get the perfect addition to their team.

Coverage: Singapore and Hong Kong.

www.searchasia.com.sg

RecruitFirst

RecruitFirst is the new kid on the block which has already made a splash in the staffing space in Singapore and Hong Kong.

Run and staffed by millennials, it agitates the market with delivery which is far above the norm by simplifying the recruitment process using technology. Better Jobs, Better People indeed.

Coverage: Singapore and Hong Kong.

www.recruitfirst.com.sg
www.recruitfirst.com.hk

YoungTalent

Started in 2014 in Taiwan, YoungTalent was developed with a very specific objective - to create a platform for millennials to launch and grow their careers.

The focus being on candidates, our dynamic consultants take on the role of peer advisor to connect on a deeper and more personal level. Together with our extensive network of partner schools and clients, we create exclusive programs and other opportunities for growth such as interview consultations, careers fairs and seminars.

Coverage: Taipei.

www.ytalent.com.tw

YesPay!

Based in Singapore, YesPay! offers world-class, hassle-free HR and payroll solutions across industries using a robust technology and system infrastructure.

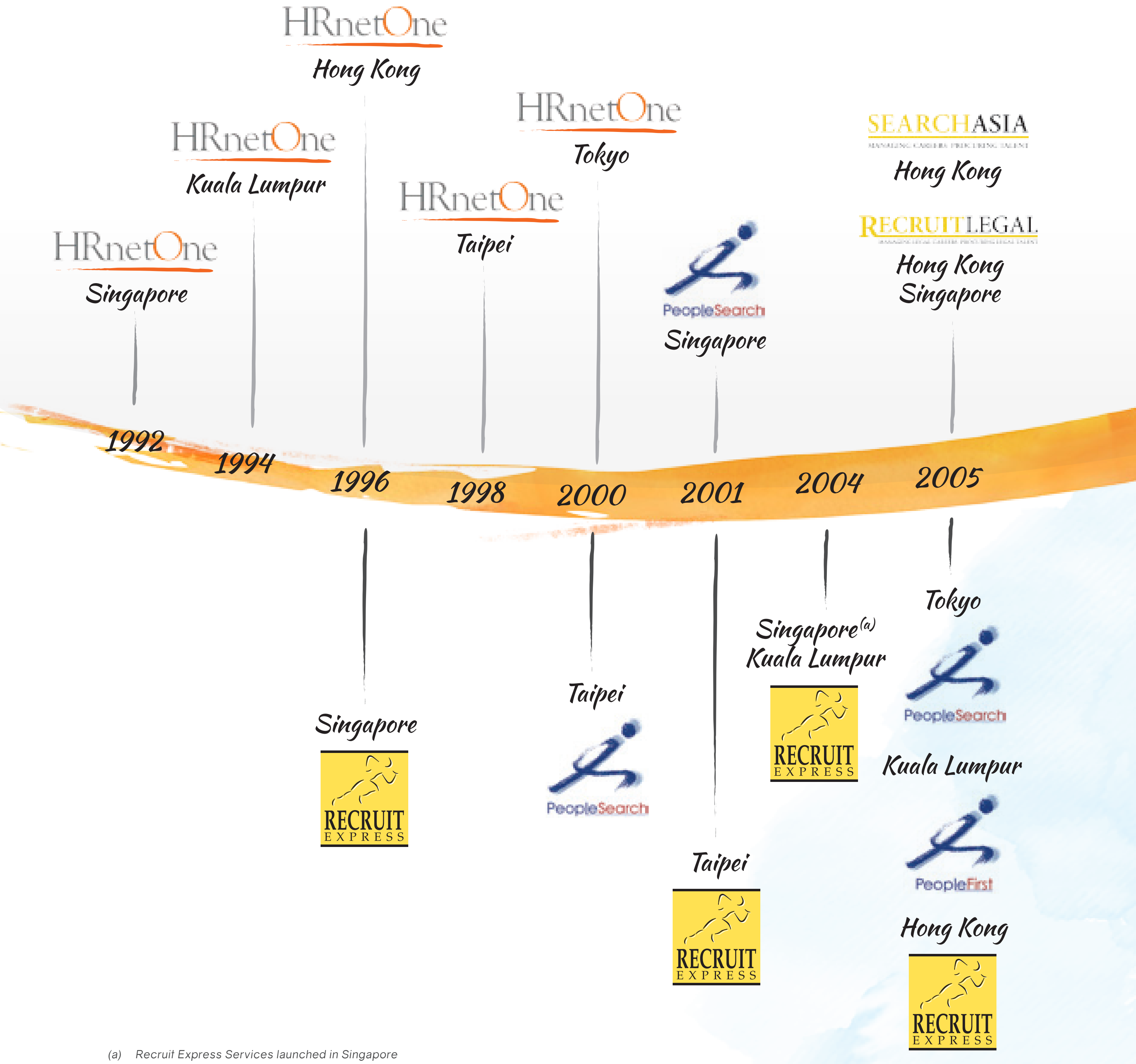
Our proprietary platform provides a unified one-stop service created with 2 key objectives - Structure & Security.

YesPay! is also known for the strong customised support it provides its clients.

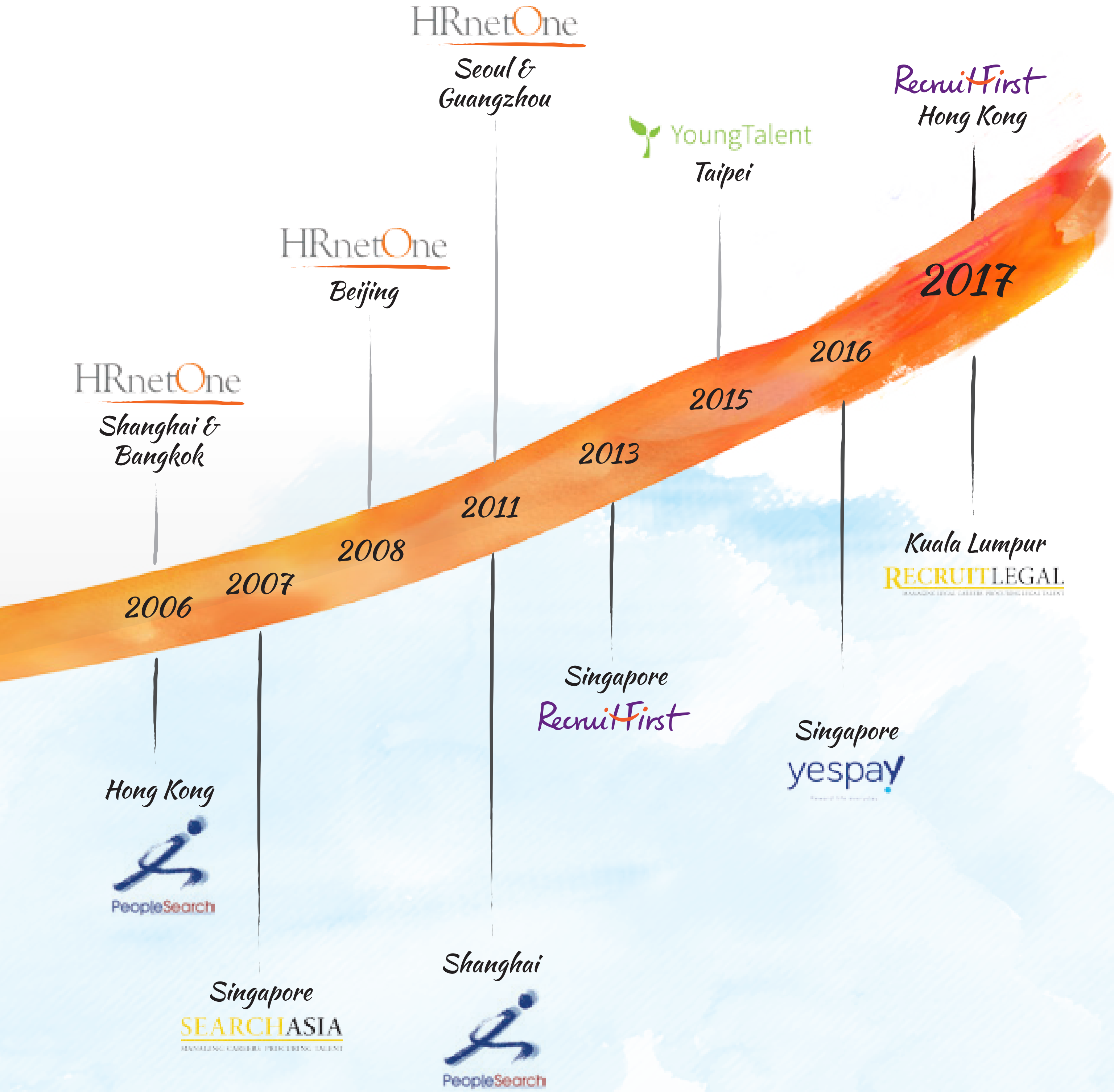
Coverage: Singapore.

www.yespaygroup.com

Our Organic Growth Story



(a) Recruit Express Services launched in Singapore


2006
HRnetOne
Shanghai & Bangkok
Hong Kong
PeopleSearch
2007
Singapore
SEARCHASIA
2008
HRnetOne
Beijing
2011
HRnetOne
Seoul & Guangzhou
Shanghai
PeopleSearch
2013
Singapore
RecruitFirst
2015
YoungTalent
Taipei
2016
Singapore
yespay
2017
RecruitFirst
Hong Kong
Kuala Lumpur
RECRUITLEGAL

Letter to Shareholders

Dear Shareholders,

2017 – Going Public

2017 was a very unusual year for us. After 25 years as an intensely private company which never had a budget for advertising and promotion, and whose phone lines are unlisted, it was a shock for many when we decided to go public. For quite a number who finally got to hear about us, the response was a variation of how they could have missed this company that had been rapidly growing in their backyard for 25 years. Which had quietly but relentlessly become the No. 1 recruitment firm based in Asia ex-Japan. Larger than anything in China. With 20.5% market share[3] in Singapore.

A. Changes on a Big Scale

1. The First Recruitment Firm Listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX")

On 16 June 2017, after morphing into a public company and bringing on board Vanda 1 Investments Pte. Ltd., which is managed and controlled by Heliconia Capital Management Pte. Ltd. (a wholly-owned subsidiary of Temasek Holdings (Private) Limited), Aberdeen Asset Management Asia Limited, Affin Hwang Asset Management Berhad, en-japan inc, FIL Investment Management (Hong Kong) Limited, Meiji Yasuda Asset Management Company Ltd, and TechnoPro Holdings Inc., we debuted on the SGX, becoming the first recruitment firm to list on the Mainboard of the SGX.

Finally, there is a product meant for the value investor who wants to ride on the growth of 10 Asian labour markets. There is simply no other listed recruitment firm in Asia ex-Japan which has been profitable for 24 financial years, which is operationally profitable in Singapore, Kuala Lumpur, Bangkok, Hong Kong, Taipei, Beijing, Shanghai, Guangzhou, Tokyo, and Seoul i.e. in all 10 cities in which it operates, and with a 10-year Net Profit CAGR (2007-2017) of 12.6%.

(1) Sim Yong Siang
(2) Sim Wei Ling, Adeline; Mrs Tan Wei Ling, Adeline
(3) Frost & Sullivan analysis in 2017

2. Shareholder First with 404 More Co-Owners

Internally, it was also a turning point. For the first time, we were able to extend the Co-Ownership scheme beyond the original group of 22, and bring on board 404 new Co-Owners who have had a proven track record of contributing to profits. Today, almost half of our permanent headcount are Co-Owners of the Company.

The innovative 123GROW Co-Ownership Scheme is unique amongst listed companies in Singapore – whereby selected participants buy shares of the company at market price and have skin in the game, in return for which they would receive bonus shares over a 3-year period provided they continue to meet performance criteria and contribute profits. This further clarified the focus of our people as shareholders – it is profits, and shareholders of the company, who come first.

We can confidently tell you that there is no one here with an "expat mentality", seeking to milk the company for what it is worth. There is instead a strong commitment to growing our people, to keeping costs low, to holding our internal meetings on Saturdays, and making use of public holidays to bring people from 10 cities together for a stretch. There is markedly a bootstrapping culture which is rare even amongst start-ups.

3. Adding a Second Engine of Growth

The birth of our inorganic growth engine was a key reason for the IPO, and the first acquisition we announced was a heartfelt one. We had left Jakarta in 1998 and not returned for 19 years. Finally, we saw a partner we wanted to grow with in a burgeoning market, which would complete one of the critical missing pieces in our puzzle – Indonesia. It was thus with great delight that we announced to take a 51% stake in PT HRnet Rimbun, and we are looking forward to the launch of the HRnet Rimbun brand in Jakarta in 2018.

You can be certain we will definitely be working on more strategic acquisitions (we have since already announced Glints), but we must highlight that our acquisitions are opportunistic. We will not be indiscriminately buying. We look for companies who have a team passionate about growing, not on "earning out" within a short time frame, whose primary, full-time commitment is to their company. 80% of HRnetGroup is held by its Co-Owners, so you can be sure that our interests are all very much aligned.

> **"We will not be indiscriminately buying. We look for companies who have a team passionate about growing."**

Letter to Shareholders

B. Operational Performance

1. 4 Consecutive Quarters of Growth in Revenue and Gross Profit for 2017

For the year 2017, the Group achieved 4 consecutive quarters of growth in revenue and gross profit, reflecting strong underlying performance across our businesses. Revenue increased by 7.4% (S$26.9m) and in the 4th quarter surpassed S$100m for the first time. Gross profits have also been growing at a steady clip and increased from S$132.8m to S$136.0m.

2. Normalised NPAT Growth of 15.4%

2017 was unusual for the fact that our NPAT fell by 4.1%. Given our 10-year Net Profit CAGR (2006-2016) of 18.4%, we are much more used to growth in the teens.

We had some unusual events in 2017. A one-off charge of S$3.6m in IPO expenses, and a further S$4.4m (net of tax) fall in government subsidies. It is thus instructive to strip out these exceptional events, and look at how the business itself did. When we did so, normalised NPAT growth of the operational business was 15.4% in 2017, which is in line, and in fact slightly above our previous growth rates.

3. Growth of Our Flexible Staffing Business in Singapore with Monthly Average of Contractor Employees increasing by 800 to 11,300 Headcount

Growth in operational performance in 2017 was driven by the flexible staffing business in Singapore. There is always some scepticism whether growth in Singapore is possible, given the size of our labour market. We are thus particularly delighted in reporting growth of our Singapore business - this little red dot never fails to surprise and to deliver. In 2017, the flexible staffing business in Singapore grew by a robust 10%, bolstered by the growth of digital and technology businesses in the territory.

C. Focus For 2018

1. Growing and Strengthening Our Headcount

People strength. That is definitely something we are working on. It has been our only internal indicator which has not had an uptick since our listing 9 months ago. We could rationalise and say that our relentless focus on efficiency which has led to our Productive Headcount (i.e. employees who bring in gross profit in excess of 3 times of their payroll cost) rising to 66% of our sales employee headcount has on the flipside caused attrition. There has after all been a much sharper focus on effectiveness in recent years. However, we will work to refine our processes further, and capitalise on our increasing scale to continue elevating employees into Productive Headcount whilst attracting and retaining talent.

What we do know is that our Co-Ownership scheme works. Of the 404 Co-Owners, our retention rate is 90%, and of that number, 97% are Productive Headcount. So we are in the midst of launching a new Co-Ownership plan which will bring in more Co-Owners, and allow existing Co-Owners to grow their positions. This way, our culture of Shareholder First will grow.

2. Bigger and More Business Units

You can be sure that we will continue growing our existing brands and business units, as there is still much work to be done and room to grow. Some of the North Asian units in particular have seen a clear upward trend since Q4 2017, and given the favourable environment, we will continue to push for outperformance.

We have also called for volunteers across 10 cities to start up our flexible staffing business in China.

It was heartening that there are numerous intra-preneurs in our midst who rose readily to the occasion, ready to take up the challenge. We are now working carefully with these brave souls, to determine if they are ready for our next adventure.

In Beijing, Kuala Lumpur and Hong Kong, we are riding on momentum and expanding and moving to new offices, so it is an exciting time indeed.

3. Strategic, Opportunistic Acquisitions

Completing the acquisition of our stakes in Glints as well as a number of other companies we are doing due diligence on are immediate tasks. We are also restless for larger transactions which would allow us to extend our reach beyond Asia. We are not satisfied with merely being the HR for Asia, we want more.

D. In Closing, Our Gratitude

We are grateful for all shareholders and employees who believe in our purpose and passion, in particular our Co-Owners and other shareholders who have stood by us from the start, who have held the faith even when the capital markets are being capricious. Given the fundamental changes we have made in the past year, and the focus for 2018, we are excited about 2018 and beyond, and look forward to meeting you over Teochew porridge at our Annual General Meeting.

Peter Sim
Founding Chairman

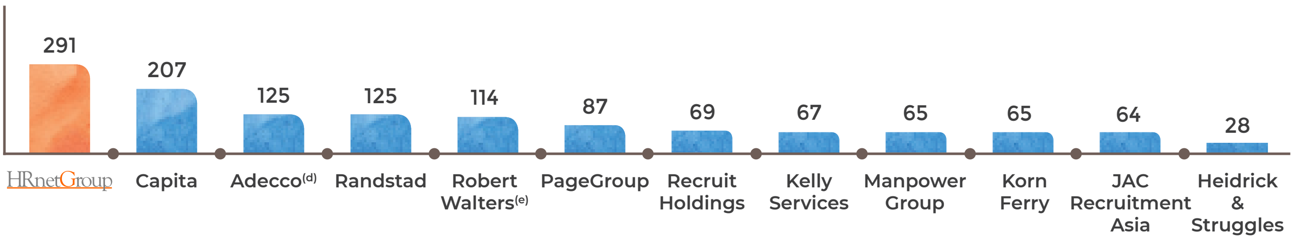
Adeline Sim
Executive Director & Chief Legal Officer

"For the year 2017, the Group achieved 4 consecutive quarters of growth in revenue and gross profit, reflecting strong underlying performance across our businesses."

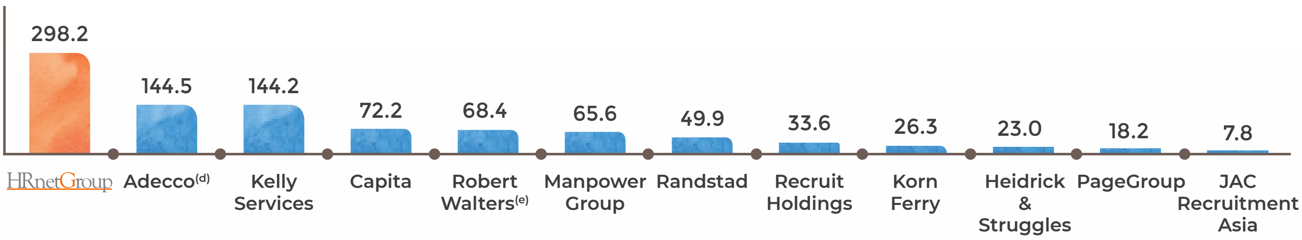
Key Highlights

Largest in Singapore with 20.5% Market Share[a]

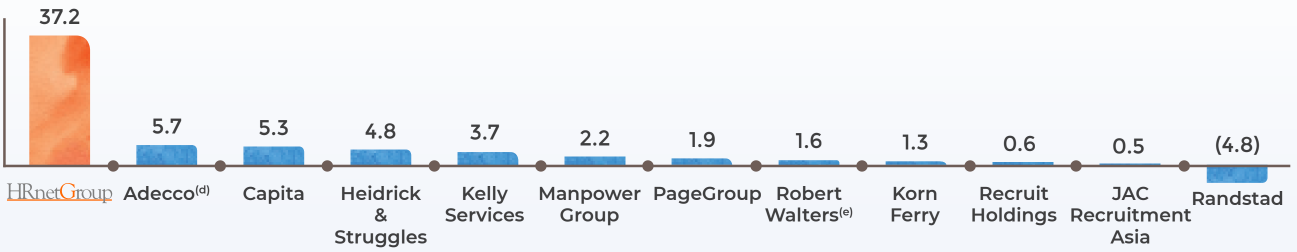
Licensed Consultants[b]



Revenue of Key Players – S$m[c]



Net Profit Before Tax of Key Players – S$m[c]



Note: All metrics refer to Singapore-only operations
(a) Source: Frost & Sullivan analysis in 2017
(b) Source: Ministry of Manpower records as of 18 January 2018
(c) Source: ACRA or Company filings last accessed on 18 January 2018
(d) Adecco's metrics were based on summation of Adecco & Spring Professional
(e) Robert Walters' metrics were based on summation of Robert Walters and Resource Solutions Consulting

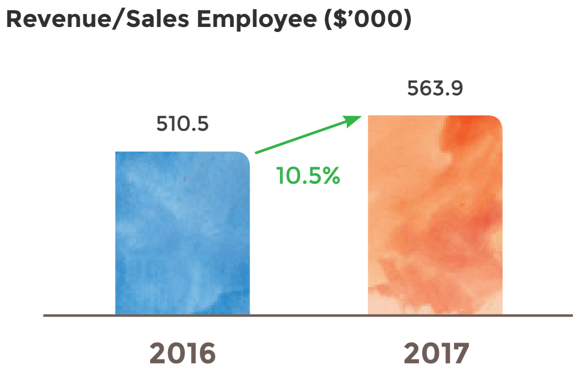
Highly Diversified Base of Customers

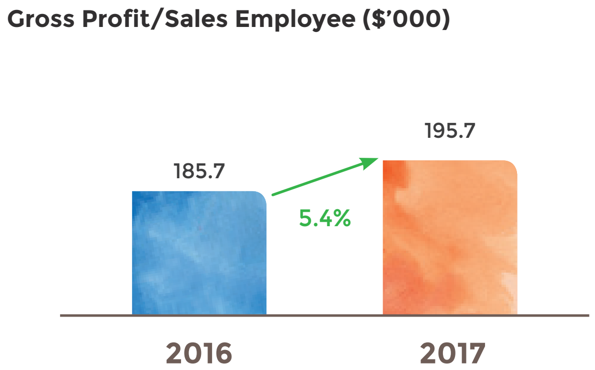
Our top 5 customers have been with us for an average of 14 years

	Customer since	FY2017 Revenue contribution
Asian Conglomerate One of the top 3 largest technology companies globally by revenue, Fortune 100	1999	3.7%
International Technology Platform One of the top 10 largest internet companies globally by revenue	2015	3.2%
Singapore Bank One of the top 3 largest banks in ASEAN by assets	2000	3.2%
Regional Telco One of the top 3 largest telcos in Asia by total wireless subscribers, Fortune 500	1999	2.7%
International Bank One of the top 5 largest banks globally by assets, Fortune 100	2000	2.3%
Contribution from top 5 clients		15.1%
Contribution from top 10 clients		21.5%

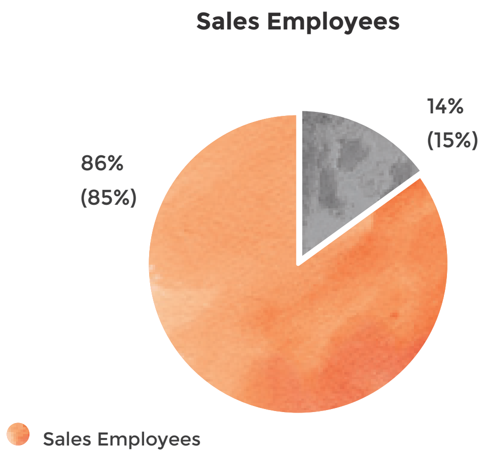
Our People

People Strength

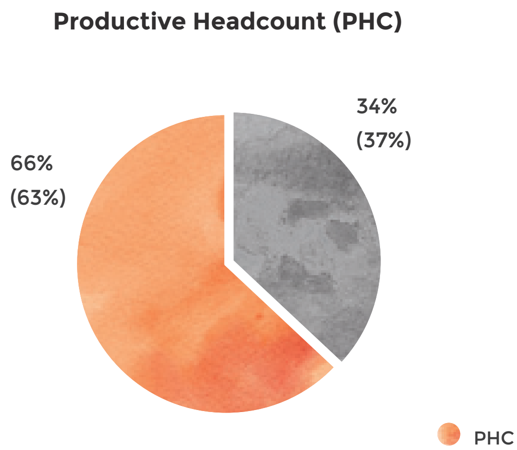




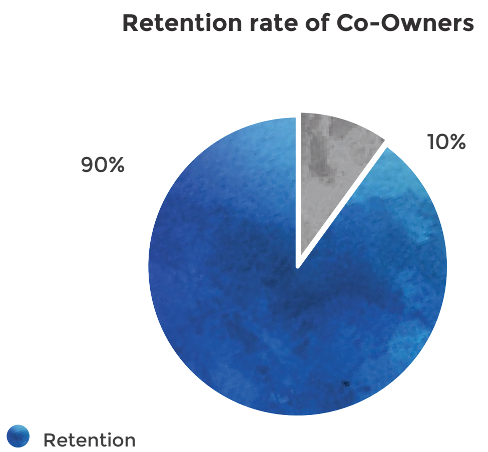
Efficiency & Productivity



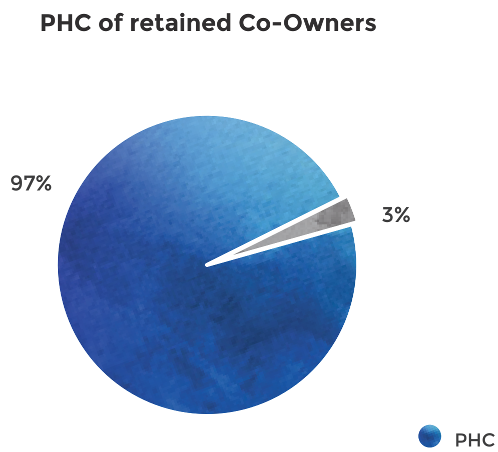
Permanent employees: 809 (2016: 838)
(% in brackets denotes 2016 figures)



Effectiveness of 123GROW



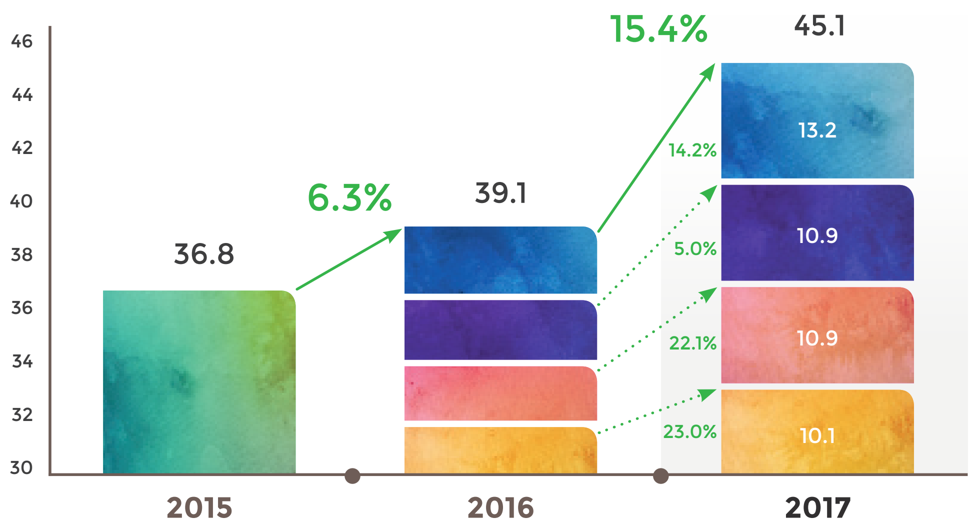
Initial 123GROW Co-Owners: 404



Financial Review

Normalised Profit After Tax S$45.1m

YoY 15.4% increase from S$39.1m

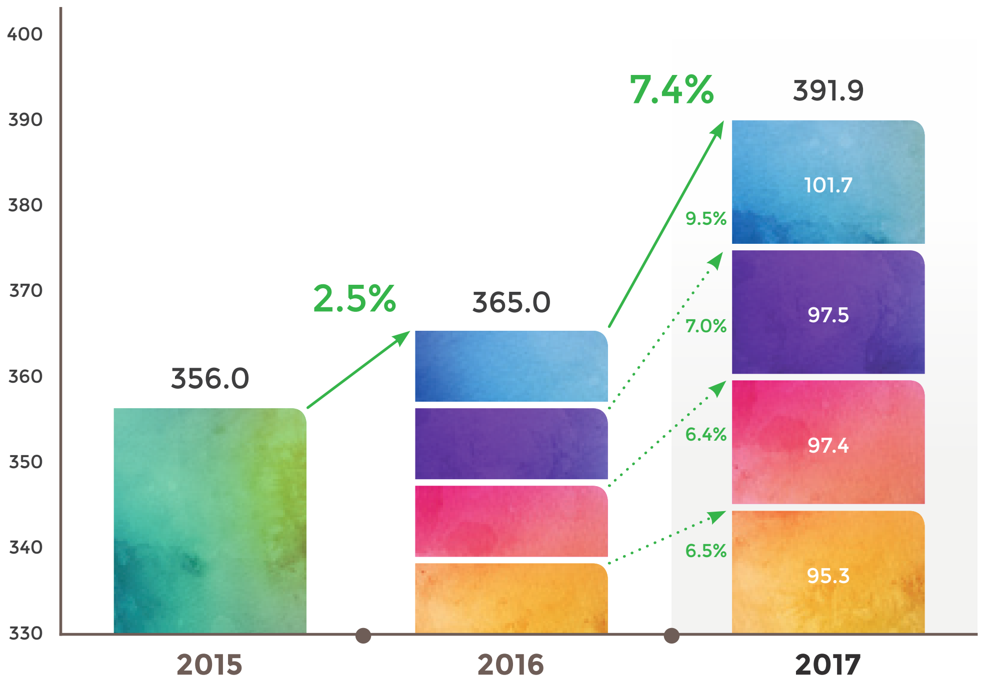


(a) Normalised Profit excludes the effect of the Singapore government subsidies and IPO expenses

Group Revenue S$391.9m

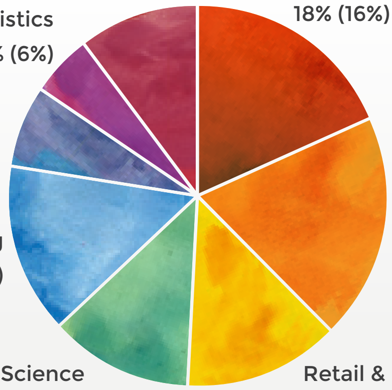
YoY 7.4% increase from S$365.0m

We achieved 4 record quarters with our final quarter achieving 9.5% QoQ growth.



Revenue Mix by Sectors

The Group operates and manages the business primarily as two operating segments, namely flexible staffing and professional recruitment. Both of which serve a wide spectrum of industries, including financial institutions, information technology and telecommunications, retail and consumer, manufacturing, healthcare life science, insurance and logistics. Together with functions such as human resources, finance and accounting, and legal and compliance. We are neither dependent on any particular industry nor client. In view of the increasing role of the digital dimension, we started tracking the contribution from clients and positions in e-commerce, online, gaming, fintech, internet and mobile apps, which accounted for 6% of our revenue in 2017.



(% in brackets denotes 2016 figures)

Operating Segments

Flexible Staffing

Revenue from flexible staffing comprises fees charged to our customers that covers the relevant Contractor Employees' payroll in full and a portion of their payroll costs or such other agreed fixed sums. Revenue from flexible staffing services is recognised at the time that the Contractor Employee provides services to the client.

Our flexible staffing business which contributed 77% (2016: 75%) of our revenue, deployed a monthly average of approximately 11,300 (2016: 10,500) Contractor Employees. Recruit Express and RecruitFirst, as key brands of this business, saw most of the growth contribution from Singapore on the back of the country's GDP growth[1] of 3.5% (2016: 1.8%).

Professional Recruitment

Revenue from professional recruitment companies comprise 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.

Our professional recruitment business which contributed 22% (2016: 24%) of our revenue, successfully placed 8,200 (2016: 8,500) candidates into new jobs. HRnetOne, PeopleSearch and SearchAsia, as key brands of this business, saw the average revenue per placement inched up 2.7% as we continue to move towards higher value assignments.

Geographic Segments

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

Singapore remains our largest contributor which generated 76% (2016: 76%) of our revenue, out of which 88% (2016: 86%) arose from our flexible staffing business. North Asia generated 22% (2016: 22%) of our revenue, out of which 56% (2016: 58%) arose from our professional recruitment business.

[1] *Source: https://www.singstat.gov.sg/docs/default-source/default-document-library/news/press_releases/advgdp4q2017.pdf)*

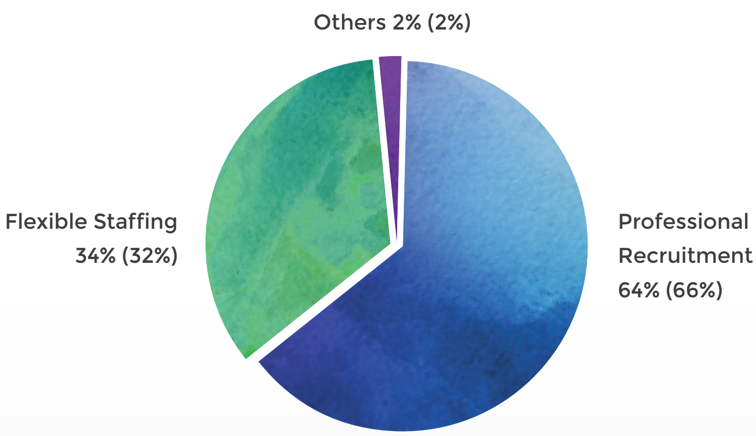
Financial Review

Gross Profit S$136.0m

YoY increased by 2.4% from S$132.8m

Operating Segments

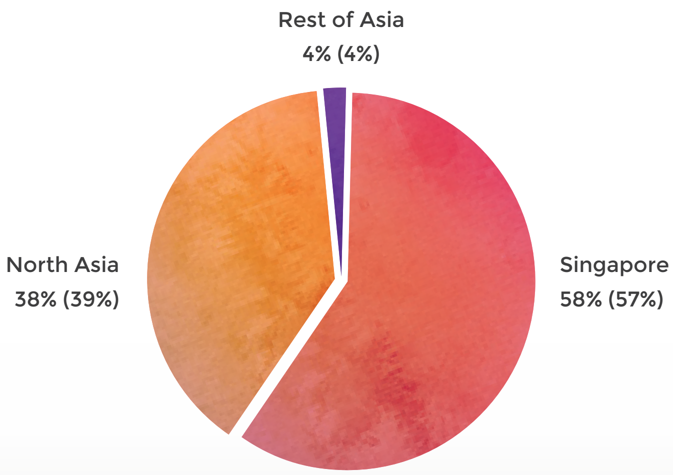
Professional recruitment contributed 64% (2016: 66%) of the Gross Profit; while flexible staffing contributed 34% (2016: 32%). Gross profit margins of flexible staffing held steady at 15.4% (2016: 15.5%), while that of professional recruitment by its fee-based nature is 99.6%.



(% in brackets denotes 2016 figures)

Geographic Segments

Singapore remains the largest contributor with 58% (2016: 57%) in gross profit, with a good mix of 44% (2016: 47%) in professional recruitment and 53% (2016: 51%) in flexible staffing. North Asia's contribution 38% (2016: 39%) was mainly attributable to professional recruitment.



(% in brackets denotes 2016 figures)

Other Income S$9.0m

YoY down 25.6% from S$12.1m

As employers of Singaporeans, we were accorded subsidies amounting to S$6.0m (2016: S$11.3m) by the Singapore Government. Interest income accounted for S$1.6m (2016: S$0.6m). The revaluation of marketable securities accounted for gains amounting to S$1.0m (2016: - S$0.2m).

Operating Expenses S$88.1m

YoY increase 2.9% from S$85.6m

Save for the one-off IPO Expenses of S$3.6m, the Group realised cost savings by S$1.1m through operational efficiencies. We continue to manage our business cost through a lean, efficient and effective infrastructure operated by only 14% (2016: 15%) of our staff strength being business support and corporate headcount.

Financial Management

01

Asset-Light

- No properties owned
- Minimal capital expenditure

02

Financing Capacity

- Zero debt since inception
- Successfully raised S$176.1m at IPO
- Well positioned for further fundraising from debt and equity markets

03

Shareholders' Return

- Dividends of 50% of net profit after tax (excluding exceptional items)[a]
- Return on Equity 20.9% (2016: 40.8%[b])

04

Highly Cash-Generative

- EBITDA margin 14.3% (2016:16.3%)
- Efficiency ratio[c] 41.3% (2016: 44.8%)
- Net profit margin 11.9% (2016: 13.3%)

The Group's current assets increased S$196.5m from S$176.7m to S$373.2m, mainly due to a net increase in cash and cash equivalents amounting to S$183.0m, increase in trade receivables amounting to S$8.7m, and increase in marketable securities amounting to S$4.9m. The Group generated operating cash of S$35.2m, received net cash proceeds of S$176.1m from IPO, invested S$4.4m in marketable securities and paid out dividends of S$22.1m.

Total current liabilities reduced by S$26.3m mainly due to S$23.3m reduction of other payables and accruals which comprised primarily dividends and loyalty fund provisions, and reduction of income tax payable.

(a) *Statement of present intention and future dividends are subject to Directors' sole and absolute discretion*
(b) *Equity base was increased substantially as a result of the IPO*
(c) *Efficiency ratio is EBITDA divided by gross profit*

The 88GLOW Plan

The Group's unique 88GLOW Plan came about because we have always believed that key leaders in a business unit should be owner-operators. Since 1994, we have asked key personnel in each subsidiary to subscribe and pay for shares in the respective subsidiaries they run. The intent has always been for a significant proportion of their wealth to be derived from dividends and capital returns.

Just before our IPO, we implemented the 88GLOW Plan and the majority of our Co-Owners effected an initial swap of part of their minority stakes in the respective subsidiaries for Group shares.

The remaining stake of our Co-Owners in the subsidiaries will follow a plan that accords the Company a first right of refusal to progressively acquire qualified blocks of shares in the subsidiaries over 8 years from 2020 onwards. Whilst this gives time for Co-Owners to grow their businesses, the Group is assured that the interests of Co-Owners are aligned with shareholders, and that Co-Owners will continue to strive for success and to contribute to the Group.

Going forward, we will continue to use this programme to inspire aspiring pioneers for new business units; as well as incorporate relevant features of the plan in our M&A activities.

The Group saw PATMI rise to 89.0% (2016: 84.8%) of NPAT as a result of the 88GLOW Plan taking effect in the second half of 2017. We will continue to have the opportunity to acquire stakes in our subsidiaries as and when Co-Owners offer up their stakes under this Plan, and can look forward to growth from such "organic" acquisitions as well.

Our Acquisition Strategy

The Group's M&A work is on track with a variety of opportunities, all of which are focused on Recruitment and HR services, being steadily pursued with a view to:

- Leverage on each other's strengths in the market place, specialisations and our infrastructure to achieve business leadership in the relevant space
- Have existing owners and/or core team members of acquisition targets to be co-owners post-acquisition
- Appoint a member of the HRnetGroup senior management team as a sponsor to induct, coach, support and facilitate new co-owners to maximise the synergies

HRnetGroup has acquired the business of PT Rimbun Job Agency in Jakarta, and will launch a new brand there - HRnet Rimbun. This will mark the 11th Asian growth city that HRnetGroup has profitable operations in. The acquisition of Rimbun further cements our position as the largest Asia-based recruitment agency in Asia Pacific (ex-Japan).

Since its inception, Glints has focused on the millennials, and today owns the young professional space with 300,000 candidates across Singapore and Jakarta. The outreach that Glints has with this segment, together with its significant brand value, complements HRnetGroup's focus on dominance across the HR spectrum. It provides another avenue for HRnetGroup to stay ahead of the curve in a competitive digital HR space.

The deal also gives HRnetGroup deeper access into the fast-growing Indonesian market which sees over 2 million young Indonesians entering the workforce every year.

Board of Directors

Peter Sim

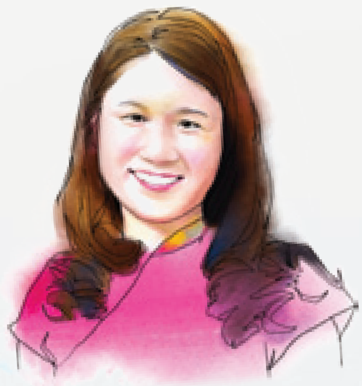
Founding Chairman

JS Sim[1]

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

Adeline Sim

Executive Director and Chief Legal Officer



(1) Sim Joo Siang
(2) Heng Su-Ling Mae
(3) Tan Ngiap Siew

Sin Boon Ann

Lead Independent Non-Executive Director and Chairman of Nominating Committee

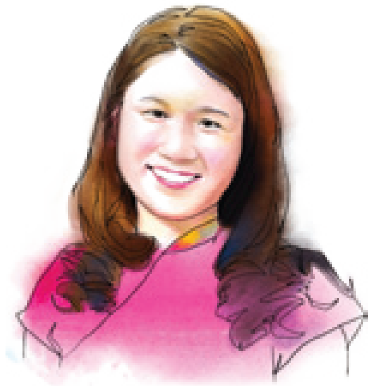
Mae Heng[2]

Independent Non-Executive Director and Chairman of Audit Committee

NS Tan[3]

Independent Non-Executive Director and Chairman of Remuneration Committee

Board of Directors



Peter Sim
Founding Chairman

Peter Sim is our Founding Chairman. He was appointed to our Board on 21 September 2016 and has over 40 years of experience in social work, HR functions and the recruitment industry. In 1992, he founded HRnetOne which was the first entity of our Group. Together with the team, he built the various businesses and brands and has been directing and overseeing the Group's business development, management and operations.

Peter began his career in 1978 and played various HR roles at organisations including McDermott South East Asia Pte Ltd, the Monetary Authority of Singapore, Singapore Aerospace Pte Ltd and Thomson Consumer Electronics Pte Ltd. His last role before founding HRnetOne was the Regional Human Resource Director of Honeywell SEA Pte Ltd.

Peter 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
Executive Director and Chief Executive Officer of Recruit Express Group of Companies

JS Sim is our Executive Director appointed on 21 September 2016. He is responsible for directing and controlling the operations of the Recruit Express entities and the SearchAsia entities. From 1998 to 2002, He was the General Manager of Recruit Express and he was appointed to his current position as Chief Executive Officer of Recruit Express in 2002.

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

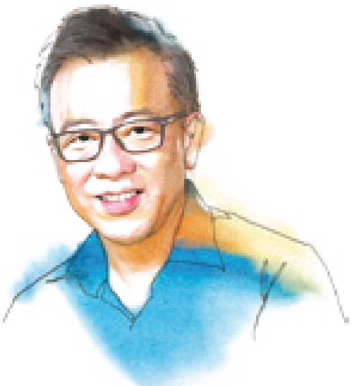
JS graduated with a Bachelor of Science from the National University of Singapore in 1982 and received a Graduate Diploma in Personnel Management from the Singapore Institute of Management in 1984.

Adeline Sim
Executive Director and Chief Legal Officer

Adeline Sim is our Executive Director appointed on 16 May 2017 and has been our Chief Legal Officer since 27 February 2018. She leads corporate strategic and tactical legal initiatives, provides counsel and guidance on legal matters and oversees the digital marketing and investor communication of the Group.

Adeline began her career as a lawyer with Drew & Napier LLC in 2004 where she was engaged in, amongst others, dispute resolution and capital markets work. She left the law firm in 2008 to join our Group.

Adeline graduated with a Bachelor of Laws from the National University of Singapore in 2003. She was admitted to the Singapore Bar in 2004, and as a Solicitor of the Supreme Court of England and Wales in 2006.



Sin Boon Ann

Lead Independent Non-Executive Director and Chairman of Nominating Committee

Sin Boon Ann is our Lead Independent Non-Executive Director appointed on 16 May 2017. He joined Drew & Napier LLC in 1992 and is currently the Deputy Managing Director of their corporate and finance department and the Co-Head of their capital markets practice. He is the Independent Director of CSE Global Limited, REX International Holding Limited, SE Hub Ltd and OUE Limited.

Boon Ann 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.

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

Mae Heng

Independent Non-Executive Director and Chairman of Audit Committee

Mae Heng is our Independent Non-Executive Director appointed on 16 May 2017. She has over 17 years of experience working at Ernst & Young Singapore. She is also an Independent Director of Ossia International Limited, Pacific Star Development Limited and Apex Healthcare Berhad. She currently holds directorships in her family-owned investment holding companies.

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

NS Tan

Independent Non-Executive Director and Chairman of Remuneration Committee

NS Tan is our Independent Non-executive Director appointed on 16 May 2017. He has more than 31 years of experience in the human resource industry and was the Regional Asia Pacific Director of Rohm and Haas Company for almost a decade. He also spent 10 years at Eastman Chemical Company as its Regional HR Director.

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

Key Management

Jennifer Kang
Chief Financial Officer

Jennifer Kang joined our Group as Finance Director in 2003 and in 2007 assumed the role of Country Manager of PeopleFirst in Malaysia. In 2008, she co-pioneered the business operations of HRnetOne Beijing and held the position of Business Leader until 2011. She was appointed as CFO of HRnet One Pte Ltd and its group of companies in 2012 and assumed responsibility for the finance, tax, treasury, risk management and mergers and acquisitions (M&A) functions of the Group with effect from 1 January 2016.

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

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

Daisy Tan
Chief People Officer

Daisy Tan joined our Group in 1992 as a Recruitment and Accounts Officer and went on to hold various positions in HRnetOne, including Senior Regional Consultant and Business Services Manager. In 1996, as Senior Administrator of HRnetOne, 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 (Singapore), before she was deployed to HRnetOne as Senior Regional Human Resource Manager. She was promoted to Human Resource Director in 2007 before being promoted to CPO in 2012.

Daisy 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
Group Business Leader and Managing Director of PeopleSearch Group of Companies

Lorencz Tay began his career in 1993 as a Recruitment and Accounts Officer with HRnetOne and was promoted to Division Director in 1997, Consulting Director in 1999 and Managing Consulting Director in 2001 before becoming a Managing Director in 2005. In 2007, Lorencz was appointed Group Business Leader and Managing Director of the PeopleSearch Group of Companies.

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

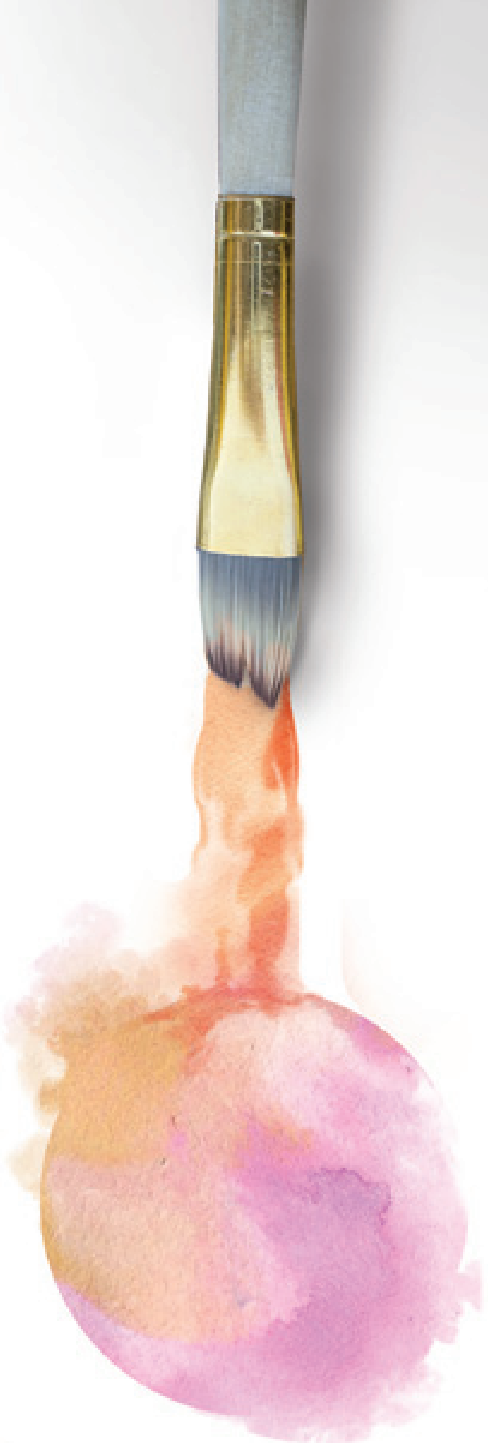
Madeline Wan

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

Madeline Wan joined HRnetOne in Singapore as a consultant in 1996. In 1999, she was part of the pioneer team which set up HRnetOne Taiwan and was promoted to Principal Consultant and Consulting Manager. In 2003, Madeline took over responsibility for HRnetOne Hong Kong and subsequently added HRnetOne Shanghai, Beijing and Japan to her portfolio. In 2010, Madeline was promoted to Managing Consultant and Group Business Leader of the businesses of HRnetOne entities, Greater China & Japan.

She 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.

Madeline graduated with a Diploma in Chemical Process Technology from the Singapore Polytechnic in 1992.



Corporate Governance Report

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

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

1. THE BOARD'S CONDUCT OF AFFAIRS

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

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

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

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

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

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

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

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

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

(vii) assuming the responsibilities for corporate governance.

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

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

Newly-appointed directors will receive a formal letter setting out their duties and obligations, and will undergo orientation and be briefed on the business and governance practices of the Group as well as industry-specific knowledge. Prior to the initial public offering of the Company on 16 June 2017, directors who did not have prior experience as a director of a listed company had undergone relevant courses and received training to familiarize and prepare themselves for the roles and responsibilities of a director of a listed company on the SGX-ST.

The Directors are also encouraged to keep themselves abreast of the latest developments relevant to the Group and attendance of appropriate courses and seminars will be arranged and funded by the Company. The external auditors update the Directors on the new or revised financial reporting standards on an annual basis. Regulatory releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority which are relevant to the Directors are circulated to the Board on a timely basis.

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

The Board meets regularly on a quarterly basis and ad hoc Board Committee or Board meetings are convened when they are deemed necessary. The frequency of meetings and the attendance of each Director at every Board and Board Committees meetings since the listing of the Company on 16 June 2017 and up to date of this report are disclosed in the table reflected below:

Type of Meetings	Board	AC	NC	RC
No. of Meetings Held	3	4	1	1
Name of Directors	**No. of Meetings Attended**			
Peter Sim	3	–	1	–
JS Sim	3	–	–	–
Adeline Sim	3	–	–	–
Sin Boon Ann	3	4	1	1
Mae Heng	3	4	1	1
NS Tan	3	3	1	1

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

2. BOARD COMPOSITION AND GUIDANCE

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

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

Name of Directors	Date of first appointment	Nature of appointment	Position held on the Board
Peter Sim	21 September 2016	Executive / Non-Independent	Founding Chairman
JS Sim	21 September 2016	Executive / Non-Independent	Executive Director
Adeline Sim	16 May 2017	Executive / Non-Independent	Executive Director

Name of Directors	Date of first appointment	Nature of appointment	Position held on the Board
Sin Boon Ann	16 May 2017	Non-Executive / Independent	Lead Independent Director
Mae Heng	16 May 2017	Non-Executive / Independent	Independent Director
NS Tan	16 May 2017	Non-Executive / Independent	Independent Director

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

The independence of each Director is reviewed annually by the NC and the Board. Each Independent Director is required to complete a checklist annually to confirm his independence based on the guidelines as set out in the Code. Each of the Independent Directors also confirmed that they are independent and have no relationship identified in the Code except Sin Boon Ann who is currently the deputy managing director of Corporate and Finance Department and Co-head of capital markets practice in Drew & Napier LLC which provided various legal services to the related entities of the Company. Save for the fact that he is a director of Drew & Napier LLC for such legal services, Sin Boon Ann does not have any relationship with the Company, the related corporations (as defined in the Companies Act), the Company's 10% shareholders (as defined in the Code) or the Company's officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment with a view to the best interests of the Company. Notwithstanding that Drew & Napier LLC received fees in excess of S$200,000 during financial year 2017 ("2017"), this is not expected to compromise Sin Boon Ann's independence for the following reasons:

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

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

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

In the event that the Group engages the services of Drew & Napier LLC, the company ensures that any transaction carried out with Drew & Napier LLC is based on normal commercial terms and is subject to the review of AC, and is in compliance with the guidelines set out in the Code. In addition, the Group is required to obtain at least two separate fee proposals from similar third-party firms which are submitted together with Drew & Napier LLC's fee proposal to AC for review and approval.

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

In view of the above and taking into account their disclosure of independence, the Board considers all three Independent Directors, Sin Boon Ann, Mae Heng and NS Tan to be independent notwithstanding that Sin Boon Ann is the deputy managing director of Corporate and Finance Department and Co-head of capital markets practice in Drew & Napier LLC.

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

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

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

Where necessary or appropriate, the Non-Executive Directors on the Board will meet without the presence of the Management. The Non-Executive Directors communicate regularly to discuss matters related to the Group, including the performance of the Management.

The profiles of the Directors are set out on pages 24 and 25 of this Annual Report.

3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

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

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

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

4. BOARD MEMBERSHIP

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The dates of initial appointment together with their directorships in other listed companies, are set out below:

Name of Directors	Position held on the Board	Date of first appointment	Current directorships in listed companies	Past directorships in listed companies (in last 3 years)
Peter Sim	Founding Chairman	21 September 2016	–	–
JS Sim	Executive Director	21 September 2016	–	–
Adeline Sim	Executive Director	16 May 2017	–	–
Sin Boon Ann	Lead Independent Director	16 May 2017	CSE Global Limited Rex International Holding Limited SE Hub Ltd OUE Limited	Courage Marine Group Limited MFS Technology Ltd Swee Hong Limited Transcorp Holdings Limited
Mae Heng	Independent Director	16 May 2017	Apex Healthcare Berhad Ossia International Limited Pacific Star Development Limited	Asiatravel.com Holdings Ltd
NS Tan	Independent Director	16 May 2017	–	–

According to Article 94 and Article 100 of the Company's Constitution, Peter Sim, Adeline Sim, Sin Boon Ann, Mae Heng and NS Tan, will retire at the Company's forthcoming annual general meeting and will be eligible for re-election. The Board has accepted the NC's recommendation for the re-election of Peter Sim, Adeline Sim, Sin Boon Ann, Mae Heng and NS Tan. In making the recommendation, the NC had considered the Directors' overall contribution and performance.

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

Each member of the NC has abstained from reviewing and voting on any resolution relating to the assessment of his performance and independence, or his re-nomination as Director, or in any matter where he has an interest.

The Company does not have any alternate director on Board.

Key information regarding the directors, are set out on pages 24 and 25 of this Annual Report. None of the directors hold shares in the subsidiaries of the Company.

5. BOARD PERFORMANCE

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

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

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

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

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

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

For FY2017 under review, no external facilitator has been engaged to perform the Board assessment process. Where relevant and when the need arises, the NC will consider such an engagement.

6. ACCESS TO INFORMATION

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

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

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

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

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

7. REMUNERATION MATTERS

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

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

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

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

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

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

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

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

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

The members of the RC are familiar with executive compensation matters as they manage their own businesses, have held and/or are holding other senior positions and directorships. The RC has access to expert advice regarding executive compensation matters, if required. The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2017.

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

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

8. LEVEL AND MIX OF REMUNERATION

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

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

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

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

The Group has entered into fixed-term service agreements with the Executive Directors, namely Peter Sim, JS Sim and Adeline Sim. The service agreements are valid for an initial period of five years with effect from the date of admission of the Company to the Mainboard of the SGX-ST and thereafter may be renewed for an additional one-year period or such period as the parties may agree. Either party may terminate the service agreements at any time by giving the other party not less than three months' notice in writing.

Save for the share awards scheme disclosed in Principle 9, there were no long term incentive schemes introduced by the Company in FY2017.

9. DISCLOSURE ON REMUNERATION

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

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

The level and mix of remuneration paid or payable to the Directors and key management personnel for FY2017 are set out as follows:

Name of Directors	Salary (1) %	Bonus (2) %	Director's Fees (3) %	Other Benefits %	Total Compensation %
DIRECTORS					
S$1,750,000 to S$1,999,999					
JS Sim	21	79	–	–	100
S$1,250,000 to S$1,499,999					
Peter Sim	40	60	–	–	100
S$250,000 to S$499,999					
Adeline Sim	60	14	–	26	100
Below S$250,000					
Sin Boon Ann	–	–	100	–	100
Mae Heng	–	–	100	–	100
NS Tan	–	–	100	–	100

Name of Key Management Personnel	Salary (1) %	Bonus (2) %	Director's Fees (3) %	Other Benefits %	Total Compensation %
KEY MANAGEMENT PERSONNEL					
S$750,000 to S$999,999					
Lorencz Tay Yuh Shiuan	37	62	–	1	100
S$500,000 to S$749,999					
Madeline Wan Poh Cheng	42	56	–	2	100
S$250,000 to S$499,999					
Jennifer Kang Ah Eng	98	–	–	2	100
Below S$250,000					
Daisy Tan	88	10	–	2	100

Notes:

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

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

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

The remuneration of employee who is immediate family members of the Company's Directors and whose salary exceeds S$50,000 for FY2017 is set out below.

Name of Immediate Family Member of Director	Position held	Family Relationship with Directors
Below S$250,000		
Sim Wei Wen, Aviel ("Aviel Sim")	Consulting Director	Son of Peter Sim, brother of Adeline Sim

The aggregate remuneration paid to the key management personnel of the Group (who are not directors or CEO) in FY2017 amounted to S$2.1million.

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

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

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

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

Awards comprising an aggregate of 6.8 million bonus shares have been granted under the Opp 1 Plan and Opp 2 Plan on 19 June 2017. More details of Opp1 Plan and Opp2 Plan can be found on pages 46 and 47, in the "Directors' Statement" of this Annual Report.

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

10. ACCOUNTABILITY

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

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

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

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

11. RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

The Group has implemented a system of internal controls designed to provide reasonable but not absolute assurance that assets are safeguarded, proper accounting records are maintained, operational controls are adequate and business risks are suitably managed. The Board oversees the Management in the design, implementation and monitoring of the risk management and internal control systems, and reviews the adequacy and effectiveness of such systems at least annually.

The internal auditors conduct annual reviews of the effectiveness and have presented their internal audit plan to the AC and the Board in FY2017, to assist the AC and the Board in their review of the Group's key risk management and internal control systems, including financial, operational, compliance and information technology controls. Any material non-compliance or lapses in internal controls, together with recommendations for improvement, are reported to the AC and the Board. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

The Board has received assurance from the Chairman and the Chief Financial Officer (a) that the financial records have been properly maintained and the financial statements for the financial year ended 31 December 2017 give a true and fair view of the Company's operations and finances, and (b) regarding the effectiveness of the Company's risk management and internal control systems.

Based on the assurance from the Chairman and Chief Financial Officer referred to in the preceding paragraph, the various internal controls put in place by the Group, the work performed and reports submitted by the internal auditors of the Group and the reviews carried out by the Board and the AC, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal control systems of the Group, addressing financial, operational, compliance and information technology controls, were adequate and effective as at 31 December 2017.

12. AUDIT COMMITTEE

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

The AC comprises Mae Heng, Sin Boon Ann and NS Tan, all of whom are Independent Directors. The chairman of the AC is Mae Heng. No former partner or director of the Company's existing audit firm or auditing corporation is a member of the AC. The members of the AC have sufficient accounting or financial management expertise, as interpreted by the Board in its business judgment, to discharge the AC's functions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The fees paid by the Company to the external auditors in FY2017 for audit and non-audit services amounted to S$413,000 and S$165,000, respectively. The AC, having undertaken a review of all non-audit services provided by the external auditors, is of the opinion that such services would not affect the independence of the external auditors.

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

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

13. INTERNAL AUDIT

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

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

In FY2017, the Board has engaged RSM Risk Advisory Pte Ltd as its internal auditors to review the pre-selected areas of the operations of the Group. The AC, having considered, amongst others, the reputation and track record of RSM Risk Advisory Pte Ltd and the qualifications, experience and availability of resources and independence of the team at RSM Risk Advisory Pte Ltd, is satisfied that the appointment of RSM Risk Advisory Pte Ltd as internal auditors is appropriate.

The internal auditors plan its internal audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The AC will review the activities of the internal auditors, including overseeing and monitoring of the implementation of improvements required on internal control weaknesses identified.

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

14. SHAREHOLDER RIGHTS

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

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

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

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

15. COMMUNICATION WITH SHAREHOLDERS

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

The Company recognises that effective communication leads to transparency and enhances accountability. The Company regularly conveys pertinent information, gathers views or input, and addresses shareholders' concerns. In this regard, the Company provides timely information to its shareholders via SGXNET announcements and news releases and ensures that price-sensitive information is publicly released and is announced within the mandatory period. The Company does not practice selective disclosure.

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

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

The Board intends to declare and distribute dividends of at least 50% of the Company's net profit after tax (excluding exceptional items) in each of FY2017 and FY2018 to its shareholders to reward Shareholders for participating in the Group's growth.

During FY2017, the Board proposed a final dividend of 2.3 cents per ordinary share. The full year dividend payout for FY2017 would constitute 50% of net profit after tax (excluding exceptional items) in FY2017 subject to shareholders' approval at the forthcoming annual general meeting.

16. CONDUCT OF SHAREHOLDER MEETINGS

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

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

The Company also ensures that there are separate resolutions at general meetings on each distinct issue. The Board supports the Code's principle of encouraging shareholder participation. The Constitution of the Company currently allows a member of the Company to appoint up to two proxies to attend and vote at general meetings. The Company will put all resolutions to vote by poll and announce the detailed results after the conclusion of the annual general meeting.

DEALINGS IN SECURITIES OF THE COMPANY

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

INTERESTED PERSON TRANSACTIONS

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

Details of the additional interested person transactions of S$100,000 and above entered during FY2017 are as follows:

Name of Interested Persons and Transactions	Aggregate value of all interested person transactions during the year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders; mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
	Full Year ended 31 December 2017	**Full year ended 31 December 2017**
RecruitFirst Limited [1] Working capital loan	1,025	Nil

(1) Aviel Sim, who is one of the controlling shareholder, son of Peter Sim and brother of Adeline Sim, holds 20% of the equity interest in RecruitFirst Limited. Accordingly, RecruitFirst Limited is an associate of Aviel Sim and an interested person in relation to the Group.

MATERIAL CONTRACTS

Save for the service agreements entered with the Directors, there were no material contracts of the Group involving the interests of each Director or controlling shareholder, either still subsisting at the end of FY2017 or if not then subsisting, entered into since the end of the previous financial year.

USE OF IPO PROCEEDS

Pursuant to the Company's IPO, the Company received gross proceeds from the IPO of approximately S$174.1 million.

The utilisation of the gross proceeds from the Company's initial public offering as of 31 December 2017 is set out as below:

	Amount utilised
	S$ million
Underwriting commission	4.7
Professional fees and other miscellaneous expenses (including listing fees)	4.4
Purchase of marketable securities	4.4
	13.5

Directors' Statement

The directors present their statement together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2017 and statement of financial position and statement of changes in equity of the Company for the financial period from 21 September 2016 (date of incorporation) to 31 December 2017.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 52 to 88 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and the financial performance, changes in equity and cash flows of the Group for the financial year ended 31 December 2017 and changes in equity of the Company for the financial period from 21 September 2016 (date of incorporation) to 31 December 2017 and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debt when they fall due.

1. Directors

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

Peter Sim	(Appointed on 21 September 2016)
JS Sim	(Appointed on 21 September 2016)
Adeline Sim	(Appointed on 16 May 2017)
Sin Boon Ann	(Appointed on 16 May 2017)
Mae Heng	(Appointed on 16 May 2017)
NS Tan	(Appointed on 16 May 2017)

2. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

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

3. Directors' interests in shares and debentures

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

	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
Name of directors and companies in which interests are held	**At the date of incorporation/ date of appointment**	**At end of year**	**At the date of incorporation/ date of appointment**	**At end of year**
The Company (Ordinary shares)				
Peter Sim	1	–	1 [(1)]	751,825,600 [(2)]
JS Sim	1	–	–	751,825,600 [(2)]
Adeline Sim	–	306,400	–	751,825,600 [(2)]
NS Tan	–	65,000	–	–

Name of directors and companies in which interests are held	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
	At the date of incorporation/ date of appointment	At end of year	At the date of incorporation/ date of appointment	At end of year
The ultimate holding company SIMCO Global Limited (Ordinary shares)				
Peter Sim	–	–	–	2 (2)
JS Sim	–	–	–	2 (2)
Adeline Sim	–	–	–	2 (2)
The immediate holding company SIMCO Limited (Ordinary shares)				
Peter Sim	99	–	1 (1)	100 (2)
JS Sim	–	–	–	100 (2)
Adeline Sim	–	–	–	100 (2)

Notes:

(1) Peter Sim is deemed to be interested in the share held by his spouse.

(2) The directors' deemed interest in SIMCO Global Limited is through SIMCO Trust. SIMCO Trust is controlled by JS Sim, Peter Sim and his spouse and the discretionary beneficiaries comprise Peter Sim and his spouse, JS Sim and Adeline Sim among other beneficial owners.

By virtue of section 7 of the Singapore Companies Act, Peter Sim, JS Sim and Adeline Sim are deemed to have an interest in all the related corporations of the Company.

The directors' interests in the shares of the Company at 21 January 2018 were the same at 31 December 2017.

4. 123GROW Plan

The 123GROW Plan which comprises (a) Opp 1 Plan; (b) Opp 2 Plan; and (c) HRnet GROW Plan (the "Scheme") in respect of unissued ordinary shares in the Company was approved by the shareholders of the Company at an Extraordinary General Meeting held on 24 May 2017. Opp 1 Plan and Opp 2 Plan are one-off schemes which commence prior to the Company listing on the Singapore Exchange Securities Trading Limited ("SGX-ST") while HRnet GROW Plan is the employee share incentive plan which commences after the listing on16 June 2017. As at the date of this statement, no share awards under the HRnet GROW Plan has been granted.

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

Peter Sim
JS Sim
Adeline Sim

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

Awards comprising an aggregate of 6.8 million bonus shares have been granted under the Opp 1 Plan and Opp 2 Plan on 19 June 2017.

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

	Granted on 19 June 2017 No. of shares	Forfeited No. of shares	Balance as at 31 December 2017 No. of shares
Opp 1 Plan			
Tranche 1	1,804,600	(117,500)	1,687,100
Tranche 2	1,804,600	(75,000)	1,729,600
Tranche 3	1,802,900	(74,800)	1,728,100
Subtotal	5,412,100	(267,300)	5,144,800
Opp 2 Plan			
Tranche 1	477,500	(65,500)	412,000
Tranche 2	477,500	(45,900)	431,600
Tranche 3	476,600	(45,300)	431,300
Subtotal	1,431,600	(156,700)	1,274,900
Total	6,843,700	(424,000)	6,419,700

No bonus shares were released under Opp 1 Plan and Opp 2 Plan during the financial period.

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

Name of director	Granted on 19 June 2017 No. of shares	Forfeited No. of shares	Balance as at 31 December 2017 No. of shares
Opp 1 Plan			
Adeline Sim	109,700	–	109,700
Opp 2 Plan			
Adeline Sim	23,500	–	23,500

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

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

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

5. Audit Committee

The Audit Committee of the Company, consisting all non-executive directors, is chaired by Mae Heng, an independent director, and includes Sin Boon Ann and NS Tan who are also independent directors. The Audit Committee has met 4 times since the incorporation of the Company and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

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

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

Directors' Statement

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

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

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

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

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

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

6. Auditors

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

On behalf of the directors

Peter Sim

JS Sim

14 March 2018

Independent Auditor's Report

To the members of HRnetGroup Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of HRnetGroup Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year ended 31 December 2017 and the statement of changes in equity of the Company for the financial period from 21 September 2016 (date of incorporation) to 31 December 2017, and notes to the financial statements, including a summary of significant accounting policies, as set out on page 52 to 88.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended 31 December 2017 and of the changes in equity of the Company for the financial period from 21 September 2016 (date of incorporation) to 31 December 2017.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	**How the matter was addressed in the audit**
<u>Revenue recognition for professional recruitment and flexible staffing</u> The Group recognised professional recruitment and flexible staffing revenue of $86.7 million and $301.9 million respectively for the year ended 31 December 2017. The linkage of certain management incentive compensation to the Group's profitability is a fraud risk factor that trigger revenue recognition as a key audit matter. Revenue for professional recruitment is recognised upon successful placement of the candidate for a permanent position with the client. There is a risk that professional recruitment revenue is recognised for placements that did not occur. In addition, if the placement is not taken up by the candidate as agreed, it could result in the reversal of previously recorded revenue. There is also a risk that revenue recognition may occur before revenue recognition criteria are met, resulting in revenue being recognised in the incorrect period. Revenue for flexible staffing is recognised at the time the contractor employee provides services to the corporate customer. There is a risk that flexible staffing revenue may be recognised prior to or after the contractor employee provides the service, resulting in revenue being recognised in the incorrect period.	Our procedures in relation to this key audit matter on revenue recognition included: ● Obtained an understanding of the revenue processes and evaluated the design and tested the operating effectiveness of the controls around revenue recognition and measure of revenue. ● Performed test of details on a sample of professional recruitment revenue to verify that transaction has occurred by evidence of candidate's commencement of work or signed letter of appointment between the Group and the candidate. ● Performed cut off testing: (1) for professional recruitment revenue, verified that the candidate's date of work commencement or date of signed letter of appointment in the current period; and (2) for flexible staffing revenue, verified that the approved timesheet relates to days worked in the current period. ● Obtained the professional recruitment revenue credit note listing subsequent to year end to verify that credit notes were not issued as a result of non-completion of contractual placements that occurred in the current period.

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and 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 financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

14 March 2018

Statements of Financial Position

31 December 2017

	Note	Group 2017	Group 2016	Company 2017
		$'000	$'000	$'000
ASSETS				
Current assets				
Cash and cash equivalents	6	289,090	106,092	180,252
Trade receivables	7	74,556	65,848	–
Other receivables and prepayments	8	3,992	4,185	51,258
Marketable securities	9	5,546	598	5,512
Total current assets		373,184	176,723	237,022
Non-current assets				
Pledged deposits	6	727	140	–
Plant and equipment	10	792	725	–
Intangible assets	11	222	230	–
Subsidiaries	12	–	–	48,427
Deferred tax assets	13	542	441	–
Total non-current assets		2,283	1,536	48,427
Total assets		375,467	178,259	285,449
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	14	6,152	5,698	–
Other payables and accruals	15	39,783	63,098	399
Income tax payable		8,763	12,249	181
Total current liabilities		54,698	81,045	580
Non-current liability				
Deferred tax liability	13	–	9	–
Capital and reserves				
Share capital	16	260,605	48,524	260,605
Equity reserve	17	(47,534)	(25,476)	(437)
Share-based payments reserve	18	1,437	–	1,437
Translation reserve	19	(2,341)	(2,298)	–
Retained earnings		100,323	63,151	23,264
Equity attributable to owners of the Company		312,490	83,901	284,869
Non-controlling interests		8,279	13,304	–
Total equity		320,769	97,205	284,869
Total liabilities and equity		375,467	178,259	285,449

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the financial year ended 31 December 2017

	Note	Group 2017 $'000	Group 2016 $'000
Revenue	20	391,916	365,043
Sub-contractor expenses		(255,914)	(232,266)
Gross profit		136,002	132,777
Other income	21	8,985	12,072
Selling, general, administrative and other expenses:			
Other employee benefit expenses		(67,351)	(67,592)
Facilities and depreciation expenses		(10,707)	(10,535)
Selling expenses		(3,982)	(3,879)
Other expenses		(6,033)	(3,556)
Profit before income tax		56,914	59,287
Income tax expense	22	(10,467)	(10,853)
Profit for the year	23	46,447	48,434
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(105)	183
Other comprehensive income for the year, net of tax		(105)	183
Total comprehensive income for the year		46,342	48,617
Profit attributable to:			
Owners of the Company		41,332	41,085
Non-controlling interests		5,115	7,349
		46,447	48,434
Total comprehensive income attributable to:			
Owners of the Company		41,277	41,257
Non-controlling interests		5,065	7,360
		46,342	48,617
Basic earnings per share (cents)	24	4.59	5.35
Diluted earnings per share (cents)	24	4.56	5.35

See accompanying notes to financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2017

Group	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 1 January 2016		3,550	(143)	(2,833)	117,090	117,664	18,651	136,315
Total comprehensive income for the year								
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
Transactions with owners, recognised directly in equity								
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		(3,550)	(25,333)	–	–	(28,883)	–	(28,883)
Disposal of a subsidiary			–	363	–	363	(63)	300
Issuance of shares	16	48,524	–	–	–	48,524	–	48,524
Total		44,974	(25,333)	363	(95,024)	(75,020)	(12,707)	(87,727)
Balance as at 31 December 2016		48,524	(25,476)	(2,298)	63,151	83,901	13,304	97,205

* Dividends paid to shareholders of subsidiaries before Initial Public Offering ("IPO")

See accompanying notes to financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2017

Group	Note	Share capital	Equity reserve	Share-based payment reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 January 2017		48,524	(25,476)	–	(2,298)	63,151	83,901	13,304	97,205
Total comprehensive income for the year									
Profit for the year		–	–	–	–	41,332	41,332	5,115	46,447
Other comprehensive income for the year		–	–	–	(55)	–	(55)	(50)	(105)
Total		–	–	–	(55)	41,332	41,277	5,065	46,342
Transactions with owners, recognised directly in equity									
Dividends	25	–	–	–	–	(3,739)	(3,739)	–	(3,739)
Dividends paid to non-controlling shareholders	25	–	–	–	–	–	–	(937)	(937)
Changes in ownership interests in subsidiaries	12	–	(22,058)	–	12	(421)	(22,467)	(9,153)	(31,620)
Recognition of share-based payment	18	–	–	1,437	–	–	1,437	–	1,437
Issuance of shares	16	217,539	–	–	–	–	217,539	–	217,539
IPO expenses taken to equity		(5,458)	–	–	–	–	(5,458)	–	(5,458)
Total		212,081	(22,058)	1,437	12	(4,160)	187,312	(10,090)	177,222
Balance as at 31 December 2017		260,605	(47,534)	1,437	(2,341)	100,323	312,490	8,279	320,769

See accompanying notes to financial statements.

Statements of Changes in Equity

For the financial period ended 31 December 2017

Company	Note	Share capital	Equity reserve	Share-based payment reserve	Retained earnings	Total equity
		$'000	**$'000**	**$'000**	**$'000**	**$'000**
Balance as at 21 September 2016 (Date of incorporation)		*	–	–	–	*
Total comprehensive income for the period						
Profit for the period		–	–	–	27,003	27,003
Total		–	–	–	27,003	27,003
Transactions with owners, recognised directly in equity						
Dividends	25	–	–	–	(3,739)	(3,739)
Changes in ownership interests in subsidiaries		–	(437)	–	–	(437)
Recognition of share-based payment	18	–	–	1,437	–	1,437
Issuance of shares	16	266,063	–	–	–	266,063
IPO expenses taken to equity		(5,458)	–	–	–	(5,458)
Total		260,605	(437)	1,437	(3,739)	257,866
Balance as at 31 December 2017		260,605	(437)	1,437	23,264	284,869

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

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2017

	Group	
	2017	**2016**
	$'000	**$'000**
Operating activities		
Profit before income tax	56,914	59,287
Adjustments for:		
Depreciation of plant and equipment	721	720
Amortisation of intangible assets	101	102
Interest income	(1,564)	(564)
Dividend income	–	(46)
Share-based payment expenses	1,437	–
Gain on disposal of marketable securities	(30)	(69)
Gain on disposal of plant and equipment	–	(21)
Loss on disposal of a subsidiary	–	321
(Gain) Loss on revaluation of marketable securities	(1,039)	151
Allowance for doubtful receivables	88	84
Operating cash flows before movements in working capital	56,628	59,965
Trade receivables	(8,796)	(4,886)
Other receivables and prepayments	297	(101)
Trade payables	454	430
Other payables and accruals	(702)	2,294
Cash generated from operations	47,881	57,702
Interest received	1,436	564
Income tax paid	(14,093)	(4,834)
Net cash from operating activities	35,224	53,432
Investing activities		
Disposal of a subsidiary (Note A)	–	(158)
Dividends received	–	46
Purchase of plant and equipment and intangible assets	(899)	(765)
Proceeds from disposal of plant and equipment	–	21
Purchase of marketable securities	(4,387)	(432)
Proceeds from disposal of marketable securities	508	2,120
Net cash (used in) from investing activities	(4,778)	832
Financing activities		
Dividends paid to non-controlling shareholders	(1,491)	(11,317)
Dividends paid (Note C)	(20,568)	(73,525)
(Placement of) Proceeds from pledged deposits	(589)	103
Acquisition of non-controlling interests in a subsidiary	–	(5)
Capital contribution by non-controlling shareholders in a subsidiary	–	257
Proceeds from issuance of shares (Note B)	176,055	15,000
Net cash from (used in) financing activities	153,407	(69,487)
Net increase (decrease) in cash and cash equivalents	183,853	(15,223)
Cash and cash equivalents at beginning of the year	106,092	120,803
Effect of foreign exchange rate changes	(855)	512
Cash and cash equivalents at end of the year	289,090	106,092

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2017

Non-Cash Transactions

Note A: During the financial year ended 31 December 2016, the Group disposed its subsidiary, HONET Consulting Sdn Bhd, to a third party. The net cash outflows arising on disposal was 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:

(i) In 2017, offering shares and cornerstone shares were issued pursuant to the offering. Shares were also issued under the 123GROW Plan and 88GLOW Plan.

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

(ii) In 2016, as part of the Restructuring Exercise [Notes 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:

In 2016, 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 financial statements.

1 GENERAL

HRnetGroup Limited (the "Company") (Registration No.201625854G) is incorporated in Singapore with its principal place of business and registered office at 391A Orchard Road, #23-06 Ngee Ann City Tower A, Singapore 238873. The Company is listed on the mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 16 June 2017. The 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 in Note 12 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the period from 21 September 2016 (date of incorporation) to 31 December 2017 were authorised for issue by the Board of Directors on 14 March 2018.

(a) Group Restructuring

In 2016, 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 listing of the Company on the SGX-ST, the Company underwent a Restructuring Exercise involving the following:

(i) Incorporation of the Company

The Company was incorporated on 21 September 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 9 October 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 21 October 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 11 November 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").

Pursuant to an assignment dated 11 November 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 11 November 2016 in the principal amount of approximately $4,883,000 (the "SIMCO Note").

On 11 November 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 11 November 2016, the former shareholders on behalf of SIMCO Ltd, paid approximately $4,883,000 to HRS to settle the SIMCO Note.

1 GENERAL (cont'd)

(a) Group Restructuring (cont'd)

(v) Acquisition of HRS

On 11 November 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.

Following the completion of the Restructuring Exercise, details of the significant subsidiaries are disclosed in Note 12 to the financial statements.

Basis of preparation of the consolidated financial statements

The Group resulting from the Restructuring Exercise above is regarded as a continuing entity throughout the year ended 31 December 2017 and 2016 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.

Accordingly, although the Company is only incorporated on 21 September 2016, the consolidated financial statements of the Group for these financial 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 these period presented in the consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of 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*.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS IN CURRENT YEAR – On 1 January 2017, the Group and the Company adopted all the new and revised FRSs that are effective from that date and are relevant to its operations. 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 current or prior years.

Adoption of a new financial reporting framework in 2018 - In December 2017, the Accounting Standards Council ("ASC") has issued a new financial reporting framework - Singapore Financial Reporting Standards (International) ("SFRS(I)"), which is to be adopted by Singapore-incorporated companies listed on SGX-ST for annual periods beginning on or after 1 January 2018. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Group and the Company will be adopting the new framework for the first time for financial year ending 31 December 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* will be applied in the first set of SFRS(I) financial statements.

SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)

As a first-time adopter, the Group and the Company are to apply retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 December 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ending 31 December 2018, an additional opening statement of financial position as at date of transition (1 January 2017) will be presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are required for equity as at date of transition (1 January 2017) and as at end of last financial period under FRS (31 December 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended 31 December 2017). Additional disclosures may also be required for specific transition adjustments if applicable.

Management has performed an analysis of the transition options and other requirements of SFRS(I) and has determined that there will be no change to the Group's and the Company's current accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those that may arise from implementing certain new SFRS(I) pronouncements effective at the same time (see below), and the election of certain transition options available under SFRS(I) 1.

Management will be electing the following transition options that will result in material adjustments on transition to the new framework:

- Option to reset the translation reserve to zero as at date of transition, resulting in the cumulative translation reserve arising from translation differences for all foreign operations to be reclassified to retained earnings as at 1 January 2017.

As SFRS(I) 1 requires a first-time adopter to apply accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 December 2018), it is not possible to know all possible effects as at date of authorization of current year's financial statements. If there are any subsequent pronouncements on SFRS(I) that are effective as at 31 December 2018, they may impact the disclosures of estimated effects described below.

The following SFRS(I) pronouncements are expected to have an impact to the Group and the Company in the periods of their initial application under the new SFRS(I) framework:

Effective for annual periods beginning on or after 1 January 2018

- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers*

Effective for annual periods beginning on or after January 1, 2019

- SFRS(I) 16 *Leases*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

SFRS(I) 9 Financial Instruments

SFRS(I) 9 introduces 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 SFRS(I) 9:

- All recognised financial assets that are within the scope of SFRS(I) 9 are 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 principal and interest on the principal outstanding are generally measured at amortised cost at the end 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 SFRS(I) 9, 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.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, SFRS(I) 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model to be applied. 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 new general hedge accounting requirements retain the three types of hedge accounting mechanisms. Under SFRS(I) 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on the analysis of the Group's financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that exist at that date, management anticipates that they may make an election to measure certain equity investment at FVTOCI at initial application of SFRS(I) 9. This will result in the fair value movements to be recognised through other comprehensive income and only dividend income shall be recognised in profit or loss. In addition, the application of the expected credit loss model of SFRS(I) 9 will result in earlier recognition of credit losses for trade receivables and correspondingly, it will increase the amount of loss allowance recognised. The Group expects to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables as required or permitted by SFRS(I) 9.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of SFRS(I) 15 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 SFRS(I) 15, 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 SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

The Group recognises revenue mainly from professional recruitment and flexible staffing. The management has preliminarily assessed that the revenue will be recognised for each of these revenue streams when control over the corresponding services is transferred to the customer. This is similar to the current revenue recognition under FRS 18 *Revenue*. The timing of revenue recognition for professional recruitment is either at the time the employment contract is signed or when candidate commences employment is dependent on the terms of the contact of when the Group has the right to bill the customer. The timing of revenue recognition for flexible staffing is over time. This assessment is expected to be consistent with the current practices.

Management intends to use the full retrospective method of transition to SFRS(I) 15. Apart from providing more extensive disclosures on the Group's revenue transactions, management does not anticipates that the application of SFRS(I) 15 will have a significant impact of the financial position and/or financial performance of the Group.

SFRS(I) 16 Leases

The standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The standard maintains substantially the lessor accounting approach under the existing framework, FRS 17 *Leases*.

As at 31 December 2017, the Group has non-cancellable operating lease commitments for its office properties of $11.9 million. FRS 17 does not require the recognition of any right-of use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitment in Note 27. A preliminary assessment indicates that these arrangements will meet the definition of a lease under SFRS(I) 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of SFRS(I) 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements and the directors are currently assessing its potential impact. It is not practicable to provide a reasonable estimate of financial effect until management completes the review.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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

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

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

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 *Financial Instruments*, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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 financial 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.

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
- 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 FVTPL, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 collaterised 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 instruments 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.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of the equity-settled share-based transactions are set out in Note 18. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimates of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

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

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable.

<u>Rendering of services</u>

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.

<u>Interest income</u>

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

<u>Dividend income</u>

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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

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

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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.

Key sources of estimation uncertainty

Management is of the opinion that there are no 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.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) *Categories of financial instruments*

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

	Group		Company
	2017	2016	2017
	$'000	$'000	$'000
Financial assets			
Fair value through profit or loss (FVTPL)	5,546	598	5,512
Loans and receivables (including cash and cash equivalents)	367,437	175,266	231,493
	372,983	175,864	237,005
Financial liabilities			
Amortised cost	45,205	67,959	399

(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, and Australian dollar against the functional currencies of the respective Group entities.

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

	Assets		Liabilities	
Group	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
United States dollar	1,588	1,944	–	(82)
Singapore dollar	1,384	4,387	–	–
Japanese yen	6,148	597	–	–
Australian dollar	1,039	1,519	(1)	–

	Assets	Liabilities
Company	2017	2017
	$'000	$'000
Japanese yen	5,576	–

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

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

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

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

Foreign currency sensitivity analysis

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

	Group		**Company**
	2017	**2016**	**2017**
	$'000	**$'000**	**$'000**
United States dollar	159	186	–
Singapore dollar	138	439	–
Japanese yen	615	60	558
Australian dollar	104	152	–

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 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.

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

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

(iv) Credit risk management (cont'd)

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 financial year.

The carrying amount of financial assets recorded in the 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 financial statements respectively.

(v) Liquidity risk management

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

All financial assets and liabilities as at 31 December 2016 and 2017 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 financial year.

(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 financial year.

5 HOLDING COMPANY, RELATED RELATED PARTY TRANSACTIONS

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

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

5 HOLDING COMPANY, RELATED RELATED PARTY TRANSACTIONS (cont'd)

Significant related party transactions, other than those disclosed elsewhere in the financial statements, are as follows:

	Group	
	2017	2016
	$'000	$'000
Management fee expense	–	640

Compensation of directors and key management personnel

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

	Group	
	2017	2016
	$'000	$'000
Short-term benefits	6,725	7,335
Post-retirement benefits	165	167
Share-based payments	31	–
	6,921	7,502

6 CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company
	2017	2016	2017
	$'000	$'000	$'000
Cash and bank balances	87,867	90,615	5,790
Fixed deposits	196,578	10,855	174,462
Restricted cash	4,645	4,622	–
Cash and cash equivalents per consolidated statements of cash flows	289,090	106,092	180,252
Pledged deposits	727	140	–

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

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

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

7 TRADE RECEIVABLES

	Group		Company
	2017	**2016**	**2017**
	$'000	**$'000**	**$'000**
Outside parties	74,610	65,914	–
Less: Allowance for doubtful receivables	(54)	(66)	–
	74,556	65,848	–

The average credit period for the rendering of services is 7 to 60 days (2016 : 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 $33,709,000 (2016 : $28,136,000) 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:

	Group		Company
	2017	**2016**	**2017**
	$'000	**$'000**	**$'000**
Aging profile of trade receivables that are past due but not impaired			
Less than 30 days	23,153	19,663	–
31 to 60 days	7,946	6,300	–
61 to 90 days	2,590	1,678	–
More than 90 days	20	495	–
	33,709	28,136	–

Movements in the allowance for doubtful receivables are as follows:

	Group		Company
	2017	**2016**	**2017**
	$'000	**$'000**	**$'000**
Balance at beginning of the year	66	31	–
Allowance during the year	88	84	–
Write-off during the year	(100)	(49)	–
Balance at end of the year	54	66	–

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company
	2017	2016	2017
	$'000	$'000	$'000
Deposits	2,675	2,697	–
Prepayments	928	999	17
Dividends due from subsidiaries	–	–	23,994
Other receivables due from subsidiaries	–	–	27,112
Others	389	489	135
	3,992	4,185	51,258

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

9 MARKETABLE SECURITIES

	Group		Company
	2017	2016	2017
	$'000	$'000	$'000
Quoted equity shares, at fair value	5,546	598	5,512

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.

10 PLANT AND EQUIPMENT

Group	Furniture and fittings	Office equipment	Renovation	Computers	Total
	$'000	$'000	$'000	$'000	$'000
Cost:					
At 1 January 2016	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 31 December 2016	662	840	8,207	4,008	13,717
Additions	8	54	387	357	806
Exchange realignment	(9)	(7)	(97)	(40)	(153)
Disposals	(3)	(22)	(315)	(228)	(568)
At 31 December 2017	658	865	8,182	4,097	13,802
Accumulated depreciation:					
At 1 January 2016	(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 31 December 2016	(633)	(789)	(7,805)	(3,765)	(12,992)
Depreciation for the year	(22)	(41)	(291)	(367)	(721)
Exchange realignment	8	5	85	37	135
Eliminated on disposals	3	22	315	228	568
At 31 December 2017	(644)	(803)	(7,696)	(3,867)	(13,010)
Carrying amount:					
At 31 December 2016	29	51	402	243	725
At 31 December 2017	14	62	486	230	792

11 INTANGIBLE ASSETS

Group	Computer software	Franchise license	Total
	$'000	$'000	$'000
Cost:			
At 1 January 2016	1,332	76	1,408
Additions	145	–	145
Exchange realignment	–	(1)	(1)
At 31 December 2016	1,477	75	1,552
Additions	93	–	93
Exchange realignment	–	2	2
Written off	–	(77)	(77)
At 31 December 2017	1,570	–	1,570
Accumulated amortisation:			
At 1 January 2016	(1,166)	(55)	(1,221)
Amortisation for the year	(92)	(10)	(102)
Exchange realignment	–	1	1
At 31 December 2016	(1,258)	(64)	(1,322)
Amortisation for the year	(90)	(11)	(101)
Exchange realignment	–	(2)	(2)
Written off	–	77	77
At 31 December 2017	(1,348)	–	(1,348)
Carrying amount:			
At 31 December 2016	219	11	230
At 31 December 2017	222	–	222

12 SUBSIDIARIES

	Company 2017
	$'000
Unquoted equity shares, at cost	48,427

Details of the significant subsidiaries at 31 December 2017 are as follows:

Name of subsidiaries	Country of incorporation	Principal activity	Proportion of ownership interest and voting power held 2017	2016
			%	%
HRnet One Pte Ltd ("HRS") [(1)]	Singapore	Personnel recruitment and provision of human resources related services	100	100
Recruit Express Pte Ltd ("RES") [(1)]	Singapore	Personnel recruitment and provision of human resources related services	100	92.5

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

12 SUBSIDIARIES (cont'd)

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

	2017
	$'000
Consideration for changes in ownership interest in subsidiaries	31,155
Non-controlling interest acquired in connection to 88GLOW Plan	(9,153)
Adjustment	56
Difference recognised in equity reserves (Note 17)	22,058

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

Principal activity	Place of incorporation and operation	Number of subsidiaries	
		2017	2016
Personnel recruitment and provision of human resource related services	Singapore, Japan, Korea, People's Republic of China	9	9
Employment, recruitment and personnel placement agency	Singapore	4	4
Head office of enterprises operating abroad as employment, recruitment and personnel placement agency	Singapore, Taiwan	3	3
Investment holding	Singapore, Hong Kong	3	2
Executive search and personnel placement agency	Hong Kong	3	2
Provision of recruitment agency services	Hong Kong	1	1
Management training consulting and recruitment activities	Malaysia	1	1
Personnel recruitment agency	Malaysia	1	1
Provision of permanent recruitment and staffing services	Malaysia	1	1
Provision of temporary and contracted staffing services	Malaysia	1	1
Investment holding and management consultancy	Thailand	1	1
Executive and management recruitment	Thailand	1	1
Dormant	Singapore, Hong Kong, Taiwan, Malaysia, Australia	9	10
		38	37

12 SUBSIDIARIES (cont'd)

88GLOW Plan

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

In this regard, the Company entered into separate acquisition agreements ("88GLOW Co-Owners' Letter") with a total of 22 minority interest holders ("88GLOW Co-Owners"), pursuant to which it will effect an initial swap of certain minority interests by acquiring such minority interests in 20 of the 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 Non-Operators ("NOPs") (i.e. persons who are not involved in the day-to-day operations of the relevant subsidiaries or branches) will be acquired entirely, while only 20% of the minority interests held by the 88GLOW Co-Owners who are Operators ("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 interests held by the participating OPs that are not acquired under the Initial Acquisition and the OPs may at its discretion offer the balance shares to the Company at cumulative blocks stipulated in the 88GLOW Co-Owners' Letter.

The Initial Acquisition took place subsequent to the listing on 16 June 2017, and the issue of the shares in consideration thereof took place upon the successful transfer of the relevant minority interests to the Group. The consideration was calculated based on a formulae detailed in the 88GLOW Co-Owners' Letter and it was satisfied through the issue of shares of the Company at the offer price at listing of $0.90.

13 DEFERRED TAX ASSETS (LIABILITY)

	Group	
	2017	**2016**
	$'000	**$'000**
Deferred tax assets	542	441
Deferred tax liability	–	(9)

13 DEFERRED TAX ASSETS (LIABILITY) (cont'd)

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

Group	Accelerated depreciation	Provisions and other temporary differences	Total
	$'000	$'000	$'000
At 1 January 2016	409	47	456
Exchange realignment	–	2	2
Charge to profit or loss for the year (Note 22)	–	(26)	(26)
At 31 December 2016	409	23	432
Exchange realignment	(2)	(5)	(7)
(Charge) Credit to profit or loss for the year (Note 22)	(373)	490	117
At 31 December 2017	34	508	542

14 TRADE PAYABLES

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

15 OTHER PAYABLES AND ACCRUALS

	Group		Company
	2017	2016	2017
	$'000	$'000	$'000
Accrued operating expenses	33,251	39,031	205
Deposits from customers	4,645	4,622	–
Advanced billings	730	837	–
Dividends payable	1,157	18,608	194
	39,783	63,098	399

16 SHARE CAPITAL

Group	Number of shares 2017	2016	Issued and paid up 2017	2016
	’000	’000	$’000	$’000
Issued and paid up:				
At 1 January	767,735	3,550	48,524	3,550
Issue of shares	243,672	767,735	217,539	48,524
Adjustment arising from Restructuring Exercise	–	(3,550)	–	(3,550)
IPO expenses taken to equity	–	–	(5,458)*	–
At 31 December	1,011,407	767,735	260,605	48,524

* Included an amount of audit fee paid to auditors of the Company of $99,000.

The number of shares and carrying amount of the issued and paid up shares as at 1 January 2016 of the Group represented the aggregate shares of the combining entities as described in Note 1.

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

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

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

17 EQUITY RESERVE

In 2016, equity reserves represent the difference between purchase consideration and net assets transferred for business combination involving entities under common control.

In 2017, equity reserves represent the difference between consideration for changes in ownership interest in subsidiaries and non-controlling interest acquired in connection to 88GLOW Plan.

18 SHARE-BASED PAYMENTS

123GROW Plan

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

Opp 1 Plan and Opp 2 Plan

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

There are vesting conditions to be met every year. The vesting conditions comprise being a productive headcount ("PHC") which is to achieve gross profit of 3 times their payroll costs for sales 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 Bonus Shares in each year is not cumulative towards the following year if the condition is not met in that year.

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

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

	Group and Company 2017	
	Number of share awards	**Fair value at grant date ($)**
Outstanding at beginning of the year	–	
Granted during the year	6,843,700	0.90
Forfeited during the year	(424,000)	
Outstanding at the end of the year	6,419,700	

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

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

HRnet GROW Plan

HRnet GROW Plan is an award following the listing and it shall be given to employees at the absolute discretion of the GROW Committee. As at 31 December 2017, no shares have yet to be awarded under this Plan.

19 TRANSLATION RESERVE

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

20 REVENUE

This represents revenue from services rendered for professional recruitment and flexible staffing.

21 OTHER INCOME

	Group	
	2017	2016
	$'000	$'000
Interest income	1,564	564
Dividend income	–	46
Gain on disposal of marketable securities	30	69
Gain (Loss) on revaluation of marketable securities	1,039	(151)
Government grants/subsidies and rebates	6,273	11,385
Others	79	159
	8,985	12,072

22 INCOME TAX EXPENSE

	Group	
	2017	2016
	$'000	$'000
Current tax	10,267	10,361
(Over) Under provision of current tax in prior year	(313)	328
Deferred tax	(117)	26
Withholding tax	630	138
	10,467	10,853

Domestic income tax is calculated at 17% (2016 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	Group	
	2017	2016
	$'000	$'000
Profit before income tax	56,914	59,287
Income tax expense at statutory tax rate	9,675	10,079
Non-deductible items	506	277
Tax rate differentials between Singapore and foreign countries	347	523
(Over) Under provision of tax in prior year	(313)	328
Effect of tax exemption and rebate	(304)	(286)
Withholding tax	630	138
Others	(74)	(206)
	10,467	10,853

23 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Group	
	2017	2016
	$'000	$'000
Defined contribution plans [(1)]	38,315	35,253
Allowance for doubtful receivables	88	84
Loss on disposal of a subsidiary	–	321
Depreciation of plant and equipment	721	720
Amortisation of intangible assets	101	102
Audit fees:		
- auditors of the Company	392	231
- other auditors	21	50
Non-audit fees:		
- auditors of the Company	112	79
- other auditors	53	61

(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.

24 EARNINGS PER SHARE

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

	Group	
	2017	2016
	$'000	$'000
Profit attributable to owners of the Company	41,332	41,085

	Group No. of shares	
	2017	2016
	'000	'000
Weighted average number of ordinary shares used to compute basic earnings per share	899,785[(2)]	767,735[(1)]
Adjustment for potential dilutive ordinary shares	6,420	–
Weighted average number of ordinary shares used to compute diluted earnings per share	906,205	767,735
Basic earnings per share (cents)	4.59	5.35
Diluted earnings per share (cents)	4.56	5.35

(1) The weighted average number of ordinary shares of the Group for the year ended 31 December 2016 was based on the number of shares issued after the Restructuring Exercise.

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

25 DIVIDENDS

On 2 January 2017, in connection with the financial year ended 31 December 2016, the Company declared interim dividends of approximately $1.9 million ($0.0025 per share) which were paid in May 2017 for $0.9 million and in July 2017 for $1.0 million to its registered shareholders, except for Vanda 1.

On 31 March 2017, in connection with the financial year ended 31 December 2016, the Company declared interim dividends of approximately $1.9 million ($0.0025 per share) which were paid on 31 October 2017 to its registered shareholders, except for Vanda 1.

In respect of the current year, the directors propose that a final one-tier tax exempt ordinary dividend of 2.3 cents per share. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated dividend to be paid is $23.3 million.

26 CONTINGENT LIABILITIES

	Group	
	2017	**2016**
	$'000	**$'000**
Banker's guarantees	727	140

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

27 OPERATING LEASE ARRANGEMENTS

Payment recognised as an expense during the year:

	Group	
	2017	**2016**
	$'000	**$'000**
Minimum lease payments under operating leases	8,509	8,415

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Within one year	7,507	7,555
In the second to fifth years inclusive	4,373	7,046

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 (2016 : five years) and rentals are fixed for an average of three years (2016 : three years).

28 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.

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	
Group	**2017**	**2016**
	$'000	**$'000**
Professional recruitment	86,682	87,493
Flexible staffing	301,934	274,458
Others	3,300	3,092
	391,916	365,043

	Profit before tax	
Group	**2017**	**2016**
	$'000	**$'000**
Professional recruitment	86,404	87,345
Flexible staffing	46,565	42,655
Others	3,033	2,777
Gross profit	136,002	132,777
Other income	8,985	12,072
Other employee benefit expenses	(67,351)	(67,592)
Facilities and depreciation expenses	(10,707)	(10,535)
Selling expenses	(3,982)	(3,879)
Other expenses	(6,033)	(3,556)
Profit before income tax	56,914	59,287

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

28 SEGMENT INFORMATION (cont'd)

Geographical segment revenue and results

Group	Revenue 2017	Revenue 2016
	$'000	$'000
Singapore	298,244	275,902
North Asia*	84,707	81,291
Rest of Asia	8,965	7,850
	391,916	365,043

Group	Profit before tax 2017	Profit before tax 2016
	$'000	$'000
Singapore	79,006	76,335
North Asia*	51,872	51,561
Rest of Asia	5,124	4,881
Gross profit	136,002	132,777
Other income	8,985	12,072
Other employee benefit expenses	(67,351)	(67,592)
Facilities and depreciation expenses	(10,707)	(10,535)
Selling expenses	(3,982)	(3,879)
Other expenses	(6,033)	(3,556)
Profit before income tax	56,914	59,287

Geographical segment assets

Group	2017	2016
	$'000	$'000
Singapore	315,029	122,709
North Asia*	56,288	52,287
Rest of Asia	4,150	3,263
	375,467	178,259

*North Asia comprises Hong Kong, Taiwan, People's Republic of China, Japan and Korea.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision makers monitor the tangible, intangible and financial assets attributable to each segment.

Liabilities are not allocated as they are not monitored by the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

Information about major customers

No single customer accounted for more than 10% of the Group's total revenue during the financial year. The top ten customers represents 22% (2016 : 20%) of the Group's total revenue.

29 COMPARATIVE FIGURES

The Company's financial statements cover the financial period since incorporation on 21 September 2016 to 31 December 2017. This being the first set of financial statements for the Company, there are no comparative figures.

30 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period,

(a) The Group has signed a Shareholders' Agreement in January 2018 to take a 51% stake in PT HRnet Rimbun Indonesia, which was incorporated on 12 February 2018. PT HRnet Rimbun will commerce business in professional recruitment upon obtaining the recruitment license which is currently under application.

(b) The Group has signed a shareholders' agreement with Glints Intern Pte Ltd ("Glints") and the shareholders of Glints to subscribe and purchase shares representing approximately 8.04% of the enlarged share capital of Glints. Glints is a Company incorporated in Singapore and operates the first career discovery and development platform for graduates and young professionals in Asia. The transaction was completed on 7 March 2018.

Shareholding Statistics

As at 15 March 2018

Issued and fully paid up capital	:	S$266,062,054.87*
Number of shares issued	:	1,011,406,872
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Number of treasury shares and subsidiary holdings	:	Nil

* This is based on records kept with the Accounting and Corporate Regulatory Authority ("ACRA") and differs from the accounting records of the Company due to IPO expenses taken to equity.

DISTRIBUTION OF SHAREHOLDINGS AS AT 15 MARCH 2018

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	2	0.11	7	0.00
100 - 1,000	240	13.72	227,800	0.02
1,001 – 10,000	972	55.54	4,601,000	0.45
10,001 – 1,000,000	521	29.77	26,151,200	2.59
1,000,001 and above	15	0.86	980,426,865	96.94
	1,750	100.00	1,011,406,872	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 15 MARCH 2018

No.	Name of Shareholders	Number of Shares	%
1	RAFFLES NOMINEES (PTE) LIMITED	792,687,331	78.37
2	CITIBANK NOMINEES SINGAPORE PTE LTD	43,742,200	4.32
3	HSBC (SINGAPORE) NOMINEES PTE LTD	37,506,081	3.71
4	VANDA 1 INVESTMENTS PTE LTD	19,697,372	1.95
5	TAN DAISY	16,559,700	1.64
6	BPSS NOMINEES SINGAPORE (PTE.) LTD.	15,592,000	1.54
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	15,141,800	1.50
8	UOB KAY HIAN PRIVATE LIMITED	11,308,408	1.12
9	TAY YUH SHIUAN	8,841,000	0.87
10	DBS NOMINEES (PRIVATE) LIMITED	8,792,319	0.87
11	DB NOMINEES (SINGAPORE) PTE LTD	3,814,800	0.38
12	SIM WEI WEN AVIEL	2,334,500	0.23
13	WAN POH CHENG MADELINE (YIN BAOZHEN MADELINE)	2,027,700	0.20
14	LIM MENG WEE	1,215,600	0.12
15	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,166,054	0.12
16	PHILLIP SECURITIES PTE LTD	778,300	0.08
17	LOO LIP GIAM	700,000	0.07
18	CHUA MENG HOON	604,100	0.06
19	CHAN WENG CHIH MATTHEW (CHEN RONGZHI MATTHEW)	475,000	0.05
20	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	467,000	0.05
	TOTAL	**983,451,265**	**97.25**

Shareholding Statistics

As at 15 March 2018

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 15 March 2018)

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
SIMCO Ltd	751,925,600	74.345	–	–
SIMCO Global Ltd.(1)	–	–	751,925,600	74.345
Credit Suisse Trust Limited(1)	–	–	751,925,600	74.345
Peter Sim(2)	–	–	751,925,600	74.345
JS Sim(2)	–	–	751,925,600	74.345
Adeline Sim(2)	306,400	0.03	751,925,600	74.345
Aviel Sim (2)	2,334,500	0.231	751,925,600	74.345
Sim Hui Ling, Christine(2)	–	–	751,925,600	74.345
Sim Wei Rong Joshua(2)	–	–	751,925,600	74.345
Nelly Sim Nee Tan Kheng Eng(2)	–	–	751,925,600	74.345
Tan Eei Choo(2)	–	–	751,925,600	74.345

Notes:

1. SIMCO Global Ltd has a deemed interest by virtue of Section 4(5) of the Securities and Futures Act (Cap. 289) arising from the listing of the shares of HRnetGroup Limited on 16 June 2017. Credit Suisse Trust Limited's deemed interest in HRnetGroup Limited, in its capacity as trustee of the SIMCO Trust, arises by virtue of it having a 100% indirect holding in SIMCO Global Ltd. (via Seletar Limited and Serangoon Limited as nominees), which has a 100% shareholding in SIMCO Ltd, which in turn has a direct and deemed interest in 751,925,600 shares of HRnetGroup Limited.

2. Peter Sim, JS Sim, Adeline Sim, Aviel Sim, Sim Hui Ling, Christine, Sim Wei Rong Joshua, Nelly Sim Wee Tan Kheng Eng ("Nelly Sim") and Tan Eei Choo are deemed to have an interest in the shares of HRnetGroup Limited arising from the shares held by SIMCO Ltd in HRnetGroup Limited. The shares of SIMCO Ltd are wholly-owned by SIMCO Global Ltd. The shares of SIMCO Global Ltd are held as property of the SIMCO Trust.

   SIMCO Trust is a revocable trust and was established by Peter Sim, Nelly Sim and JS Sim. Credit Suisse Trust Limited acts as trustee of the SIMCO Trust and indirectly holds all the shares in SIMCO Global Ltd. (via Seletar Limited and Serangoon Limited as nominees). The settlors of the SIMCO Trust are Peter Sim, Nelly Sim, and JS Sim. The settlors have collectively retained the power to instruct the trustee on matters relating to the investments of the assets of the SIMCO Trust, including the shares in SIMCO Ltd. Otherwise, the trustee has all other rights and powers in relation to the property comprised in the SIMCO Trust (which includes the SIMCO Trust fund) as the legal owner of such property, acting in its capacity as trustee of the SIMCO Trust, subject to any powers and restrictions contained in the SIMCO Trust Deed.

   The beneficial owners of the assets comprised in the SIMCO Trust are the discretionary beneficiaries of the SIMCO Trust which comprise Peter Sim, Nelly Sim, JS Sim and Tan Eei Choo and their respective issue and remoter issue (which include the two minor children of Adeline Sim and the two minor children of Aviel Sim. Peter Sim and Nelly Sim are spouses. Peter Sim and JS Sim are siblings. Adeline Sim and Aviel Sim are the children of Peter Sim and Nelly Sim. Sim Hui Ling, Christine and Sim Wei Rong Joshua are the children of JS Sim.

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 23.8% of the issued ordinary shares of the Company is held in the hands of the public as at 15 March 2018 and therefore Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited is complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of HRnetGroup Limited (the "**Company**") will be held at SGX Auditorium, Level 2, SGX Centre 1, 2 Shenton Way, Singapore 068804 on 27 April 2018 at 9:00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2017 together with the Auditors' Report thereon. ***(Resolution 1)***

2. To declare a final tax exempt (one-tier) dividend of 2.3 Singapore cents per ordinary share for the financial year ended 31 December 2017. ***(Resolution 2)***

3. To approve the payment of Directors' fees of S$143,750 for the financial year ended 31 December 2017 (2016: Nil). ***(Resolution 3)***

4. To approve the payment of Directors' fees of S$230,000 for the financial year ending 31 December 2018, payable quarterly in arrears (2017: S$143,750). ***(Resolution 4)***

5. To re-elect Sim Yong Siang, who retires by rotation pursuant to Article 94 of the Company's Constitution, as Director of the Company. *[See Explanatory Note (i)]* ***(Resolution 5)***

6. To re-elect Sim Wei Ling, Adeline, who will cease to hold office pursuant to Article 100 of the Company's Constitution, as Director of the Company. *[See Explanatory Note (ii)]* ***(Resolution 6)***

7. To re-elect Sin Boon Ann, who will cease to hold office pursuant to Article 100 of the Company's Constitution, as Director of the Company. *[See Explanatory Note (iii)]* ***(Resolution 7)***

8. To re-elect Heng Su-Ling Mae, who will cease to hold office pursuant to Article 100 of the Company's Constitution, as Director of the Company. *[See Explanatory Note (iv)]* ***(Resolution 8)***

9. To re-elect Tan Ngiap Siew, who will cease to hold office pursuant to Article 100 of the Company's Constitution, as Director of the Company. *[See Explanatory Note (v)]* ***(Resolution 9)***

10. To re-appoint Messrs Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. ***(Resolution 10)***

AS SPECIAL BUSINESS

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

11. **Authority to allot and issue shares and convertible securities** ***(Resolution 11)***

"That, pursuant to Section 161 of the Companies Act, Cap. 50 (the "**Act**") and the rules, guidelines and measures issued by the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

(A) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements, or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalization issues, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

provided that:

(a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (b) below), and provided further that where shareholders of the Company are not given the opportunity to participate in the same on a pro rata basis, then the aggregate number of shares to be issued under such circumstances (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent of the total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (b) below); and

(b) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities;

(ii) (where applicable) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(d) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." *[See Explanatory Note (vi)]*

12. **Authority to allot shares under 123GROW Plan** ***(Resolution 12)***

THAT approval be and is hereby given to the Directors to offer and grant awards in accordance with the provisions of the Company's 123GROW Plan and to allot and issue or deliver from time to time such number of fully paid-up shares as may be required to be issued pursuant to the vesting of awards under the 123GROW Plan, provided always that the aggregate number of shares to be allotted and issued pursuant to the 123GROW Plan when aggregated with the aggregate number of shares over which awards are granted under any other share schemes shall not exceed 15% of the total number of issued shares of the Company from time to time.

The authority conferred by this Resolutions shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (vii)]

13. **Proposed Adoption of the Share Purchase Mandate** ***(Resolution 13)***

THAT approval and authority be and is hereby given to the Directors of the Company:-

(a) For the purposes of the Companies Act, Chapter 50 of Singapore (the "**Act**"), the exercise by the Directors all the powers of the Company to purchase or otherwise acquire the ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limited (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(ii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked; or

(iii) the date on which the purchases or acquisitions of shares pursuant to the Share Purchase Mandate is carried out to the full extent mandated.

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the issued ordinary share capital of the Company as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the Annual General Meeting is held and the resolution relating to the Share Purchase Mandate is passed and expiring on the date the next Annual General Meeting is held or is required by law to be held, whichever is the earlier; and

"**Maximum Price**" in relation to a share to be purchased, means an amount (excluding related brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of Market Purchase: 105% of the Average Closing Price:

(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price or Highest Last Dealt Price,

where:

"**Average Closing Price**" means average of the last dealt prices of a share for the five consecutive market days on which the shares are transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the rules of the Listing Manual for any corporate action that occurs after the relevant five-day period; and

"**day of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of shares from shareholders, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution. *[See Explanatory Note (viii)]*

14. **Proposed Amendment to Rule 6.1 of the HRnet GROW Plan** ***(Resolution 14)***

THAT the proposed amendment to Rule 6.1 of the HRnet GROW Plan as set out in the Letter to Shareholders dated 12 April 2018 be and is hereby approved. *[See Explanatory Note (ix)]*

15. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Sim Yong Siang
Founding Chairman

Singapore, 12 April 2018

Notice of Annual General Meeting

EXPLANATORY NOTES:

(i) Ordinary Resolution 5 – Sim Yong Siang will, upon re-election as a Director of the Company, remain as a Founding Chairman of the Company and a member of Nominating Committee. He is considered an Executive and Non-Independent Director. Detailed information on Sim Yong Siang can be found under the "Board of Directors" and "Corporate Governance Report" sections in the Company's Annual Report.

(ii) Ordinary Resolution 6 – Sim Wei Ling, Adeline will, upon re-election as a Director of the Company, remain as a Director of the Company. She is considered an Executive and Non-Independent Director. Detailed information on Sim Wei Ling, Adeline can be found under the "Board of Directors" and "Corporate Governance Report" sections in the Company's Annual Report.

(iii) Ordinary Resolution 7– Sin Boon Ann will, upon re-election as a Director of the Company, remain as a Director of the Company, Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. He is considered to be independent pursuant to Rule 704(8) of the Listing Rule of SGX-ST. Sin Boon Ann is the Lead Independent Director. There are no relationships including immediate family relationships between Sin Boon Ann and the other Directors or its 10% shareholders. Detailed informed on Sin Boon Ann can be found under the "Board of Directors" and "Corporate Governance Report" section in the Company's Annual Report.

(iv) Ordinary Resolution 8 – Heng Su-Ling Mae will, upon re-election as a Director of the Company, remain as a Director of the Company, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee. She is considered to be independent pursuant to Rule 704(8) of the Listing Rule of SGX-ST. There are no relationships including immediate family relationships between Heng Su-Ling Mae and the other Directors or its 10% shareholders. Detailed informed on Heng Su-Ling Mae can be found under the "Board of Directors" and "Corporate Governance Report" section in the Company's Annual Report.

(v) Ordinary Resolution 9 – Tan Ngiap Siew will, upon re-election as a Director of the Company, remain as a Director of the Company, Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. He is considered to be independent pursuant to Rule 704(8) of the Listing Rule of SGX-ST. There are no relationships including immediate family relationships between Tan Ngiap Siew and the other Directors or its 10% shareholders. Detailed informed on Tan Ngiap Siew can be found under the "Board of Directors" and "Corporate Governance Report" section in the Company's Annual Report.

(vi) Ordinary Resolution 11, if passed, will authorise and empower the Directors of the Company from the date of the above Meeting until the date of the next Annual General Meeting, to issue further shares and to make or grant convertible securities convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in aggregate 50 per cent of the total number of issued shares excluding treasury shares and subsidiary holdings of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20 per cent of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

(vii) Ordinary Resolution 12, if passed, will empower the Directors of the Company to offer and grant awards, and to allot and issue new shares in the capital of the Company, pursuant to the 123GROW Plan as may be modified by the Remuneration Committee from time to time, provided that the aggregate number of shares to be allotted and issued pursuant to the 123 GROW Plan shall not exceed 15% of the total number of issued ordinary shares of the Company from time to time.

(viii) Ordinary Resolution 13, if passed, will empower the Directors of the Company to make purchases or otherwise acquire the Company's issued shares from time to time subject to and in accordance with the guidelines set out in the Letter to Shareholders dated 12 April 2018 ("Letter") .

The Company may use internal resources and/or external borrowings to finance purchases or acquisitions of its shares. The amount of financing required for the Company to purchase or acquire its shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of shares purchased or acquired and the price at which such shares were purchased or acquired and whether the shares purchased or acquired are held in treasury or cancelled.

Based on the number of issued and paid-up shares as at 15 March 2018 (the "**Latest Practicable Date**"), the purchase or acquisition by the Company of 10 per cent of its issued shares will result in the purchase or acquisition of 101,140,687 shares.

Assuming that the Company purchases or acquires 101,140,687 shares at the Maximum Price, in the case of Market Purchases of S$0.82 for one share (being the price equivalent to 105% of the Average Closing Price of the shares), the maximum amount of funds required is approximately S$82.9 million and in the case of Off-Market Purchases of S$0.94 for one share (being the price equivalent to 120% of the Average Closing Price of the shares), the maximum amount of funds required is approximately S$95.1 million.

The authority will expire at the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier, unless previously revoked or waived at a general meeting.

Please refer to the Letter for further details.

(ix) Ordinary Resolution 14, if passed, will provide for the amendment to Rule 6.1 of the HRnet GROW Plan as set out in the Letter to Shareholders dated 12 April 2018. Please refer to the Letter for further details.

Notice of Annual General Meeting

Notes:

1. (a) A member (other than a Relevant Intermediary) is entitled to appoint not more than two (2) proxies to attend and vote at the Annual General Meeting. Where such member appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

   "Relevant Intermediary" means:

   (i) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

2. A proxy need not be a member of a company.

3. A member which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.

4. The instrument appointing a proxy or proxies, duly executed, must be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 not less than seventy-two (72) hours before the time appointed for the holding of the Annual General Meeting of the Company.

5. A Deposit's name must appear in the Depository Register maintained by the Central Depository (Pte) Limited at least seventy-two (72) hours before the time fixed for the holding of the Annual General Meeting or any postponement or adjournment thereof, in order for the Depositor to attend and vote at the Annual General Meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

HRNETGROUP LIMITED
(Co. Reg. No. 201625854G)
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 3 for the definition of ("relevant intermediary").
2. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

ANNUAL GENERAL MEETING PROXY FORM

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

of ____ (Address)

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

Name	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate):

Name	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Annual General Meeting as my/our proxy, to attend and vote for me/us on my/our behalf, by poll, at the Annual General Meeting ("AGM") of the Company to be held at SGX Auditorium, Level 2, SGX Centre 1, 2 Shenton Way, Singapore 068804 on 27 April 2018 at 9:00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for and against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions relating to:	For	Against
1.	Adoption of Directors' Statement, Audited Financial Statements for the financial year ended 31 December 2017 together with the Auditors' Report		
2.	Declaration of a final tax exempt (one-tier) dividend of 2.3 Singapore cents per ordinary share		
3.	Approval of Directors' fees of S$143,750 for the financial year ended 31 December 2017		
4.	Approval of Directors' fees of S$230,000 for the financial year ending 31 December 2018, payable quarterly in arrears		
5.	Re-election of Sim Yong Siang as Director		
6.	Re-election of Sim Wei Ling, Adeline as Director		
7.	Re-election of Sin Boon Ann as Director		
8.	Re-election of Heng Su-Ling Mae as Director		
9.	Re-election of Tan Ngiap Siew as Director		
10.	Re-appointment of Messrs Deloitte & Touche LLP as Auditors and authority to fix their remuneration		
11.	Authority to allot and issue shares and convertible securities		
12.	Authority to allot shares under 123GROW Plan		
13.	Proposed adoption of the Share Purchase Mandate		
14.	Proposed Amendment to Rule 6.1 of HRnet GROW Plan		

NOTES: If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes "For" or "Against" for each resolution.

Dated this __________ day of ____________________ 2018

Total Number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Future Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.

3. Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any member who is a relevant intermediary is entitled to appoint two or more proxies to attend and vote at the Annual General Meeting. Relevant intermediary is either:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

   (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

4. Where a Member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

5. The instrument appointing a proxy or proxies, duly executed, must be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 not less than seventy-two (72) hours before the time appointed for the holding of the Annual General Meeting of the Company.

6. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the letter or the power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.

8. A corporation which is a member may authorise by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Annual General Meeting.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the members, being the appointer, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2018.

Corporate Information

BOARD OF DIRECTORS

Mr. Peter Sim
Founding Chairman

Mr. JS Sim
Executive Director and
CEO of Recruit Express
Group of Companies

Ms. Adeline Sim
Executive Director and
Chief Legal Officer

Mr. Sin Boon Ann
Lead Independent
Non-Executive Director

Ms. Mae Heng
Independent Non-Executive Director

Mr. NS Tan
Independent Non-Executive Director

AUDIT COMMITTEE

Ms. Mae Heng *(Chairman)*
Mr. Sin Boon Ann
Mr. NS Tan

NOMINATING COMMITTEE

Mr. Sin Boon Ann *(Chairman)*
Ms. Mae Heng
Mr. NS Tan
Mr. Peter Sim

REMUNERATION COMMITTEE

Mr. NS Tan *(Chairman)*
Mr. Sin Boon Ann
Ms. Mae Heng

REGISTERED OFFICE

391A Orchard Road
Ngee Ann City Tower A #23-06
Singapore 238873
Tel : +65 6730 7855
Email: ir@hrnetgroup.com
Website : www.hrnetgroup.com

COMPANY SECRETARIES

Ms. Sin Chee Mei
Ms. Koo Wei Jia

SHARE REGISTRAR

Boardroom Corporate
& Advisory Services Pte. Ltd.
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623

AUDITOR

Deloitte & Touche LLP
6 Shenton Way
OUE Downtown 2 #33-00
Singapore 068809
Partner-in-charge: Ms. Seah Gek Choo
(Appointed on 16 December 2016)

HRnetGroup

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