
CLARIFICATION ANNOUNCEMENT TO QUERIES RAISED BY SGX-ST

The Board of Directors (the “**Board**”) of HRnetGroup Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 28 February 2020 in respect of the Company’s unaudited financial statements for the fourth quarter ended 31 December 2019 (the “**Financial Statements**”) and wishes to respond to the queries as follows:

SGX-ST’s query (1)

Please explain the material variances in the following line items on page 1 of the Financial Statements:-

- (i) “**Selling expenses**”;
- (ii) “**Other expenses**”; and
- (iii) “**Finance costs**”.

Company’s response

Material variances relating to the following items:

- (i) “**Selling expenses**” dropped by S\$0.9m to S\$4.7m (2018: S\$5.6m) mainly because the previous year had a one-off loss allowance of S\$1.3m relating to a customer in financial difficulties. This is partially offset by the increase in travelling expenses of S\$0.3m.
- (ii) “**Other expenses**” increased by S\$0.8m to S\$4.2m (2018: S\$3.4m) mainly due to higher foreign exchange losses amounting to S\$1.0m (2018: S\$0.3m) mainly attributable to conversion of JPY to SGD.
- (iii) “**Finance costs**” of S\$0.3m (2018: S\$ -) relates to interest on lease liabilities arising from the implementation of SFRS(I) 16 Leases which took effect from 1 January 2019.

SGX-ST’s query (2)

Please disclose the breakdown of “other financial assets” (both current and non-current) and “other receivables and prepayments” financial line items and provide an explanation for material variance in these three financial line item.

Breakdown and explanation for material variance in:

- a. Other financial assets (Current assets) of S\$8.6m (2018: S\$16.1m) relates to the fair value of equity securities that are in HR-related businesses. The reduction was attributable to the net movement between additions and disposals of equity securities.
- b. Other financial assets (Non-current assets) of S\$38.7m (2018: S\$12.2m) relates mainly to our equity interests in HR-related companies, namely Staffline Group plc and Bamboos Health Care Holdings Limited which were acquired during the year and they have been designated at FVTOCI. The increase from the acquisition was partially offset by the disposal of certain equity and debt securities that were acquired in previous financial years.

- c. Other receivables and prepayments of S\$6.9m (2018: S\$5.9m) comprise mainly operational deposits and prepayments, interest receivable and accrued revenue. The increase was mainly attributable to the increase of S\$0.7m in accrued revenue arising from placements which relate to candidates who have signed the letter of employment pending start work in the following quarter.

By Order of the Board

Sim Yong Siang
Founding Chairman

2 March 2020