HRnetGroup

ANNUAL REPORT 2019

STAYING AHEAD

THROUGH RESILIENCE & EVOLUTION

12

BRANDS

30

BUSINESS
UNITS

13

ASIAN
CITIES

HRnetGroup

CONTENTS

OUR BUSINESS MODELS

At the very core of it are our twin engines of growth. Professional Recruitment & Flexible Staffing represents a fantastic amalgamation of business models that fully support and complement each other across many areas.

PROFESSIONAL RECRUITMENT

When we work with our clients, our focus is on finding them the best people so that they can build successful teams and generate exceptional value for stakeholders. We comb the market for talents who are a great fit for our client's business, markets and culture. The candidate selection process involves us going beyond a candidate's resume, experience and accomplishments. We take into account values, working dynamics, along with the potential chemistry and fit between a candidate and the client's organisation. All critical factors in finding the right person for the role.

Our commitment to the process commences before any candidates are even longlisted, and extends long after the selected talent starts work. Helping the talent assimilate and adjust, as well as ensuring his continued development are part and parcel of what we do.

We are partners above all else, the best you can have for acquiring talent.

OUR BRANDS

HRnetOne

PeopleSearch

PeopleFirst

SEARCHASIA
MANAGING CAREERS PROCURING TALENT

RECRUITLEGAL
MANAGING LEGAL CAREERS PROCURING LEGAL TALENT

HRnetRimbun

REForce

Placement of
Mid to Senior-level positions

8,530
Placements

In all 13 cities

Singapore, Kuala Lumpur, Hong Kong, Taipei, Tokyo, Shanghai, Bangkok, Beijing, Seoul, Guangzhou, Jakarta, Suzhou and Shenzhen

FLEXIBLE STAFFING

The fast-moving pace of today's business climate requires companies to be constantly adaptive and agile. Flexible staffing is a growing trend because employers see the overall value and benefit it provides them.

Increased flexibility along with reduced hiring risks and lowered overheads represent the key reasons for this shift. Flexible staffing provides businesses the luxury of adding to their talent pool only when the need arises. The date and time frame that a contract staff is required can be easily scheduled based on their business needs in real-time. Whether it is for short-term project-based work or as temporary replacements to permanent hires, our clients enjoy access to our stable pool of resources that they know they can rely on. It presents an economic win for businesses to have access to talents as needed instead of hiring and training permanent employees, who may or may not be deployed to full capacity at each point in time.

OUR BRANDS

RECRUIT EXPRESS

RecruitFirst

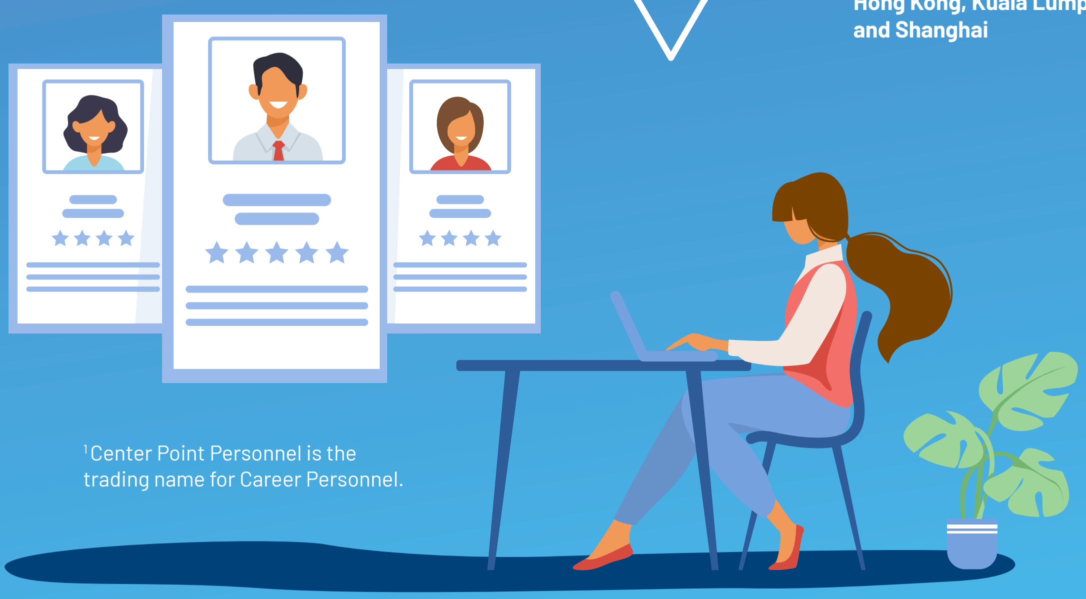
CENTER POINT PERSONNEL[1]

Placement of Junior to Mid-level positions

11,929
Contractor employees

Back to back contracts with clients and candidates

In Singapore, Taipei, Hong Kong, Kuala Lumpur and Shanghai



[1]Center Point Personnel is the trading name for Career Personnel.

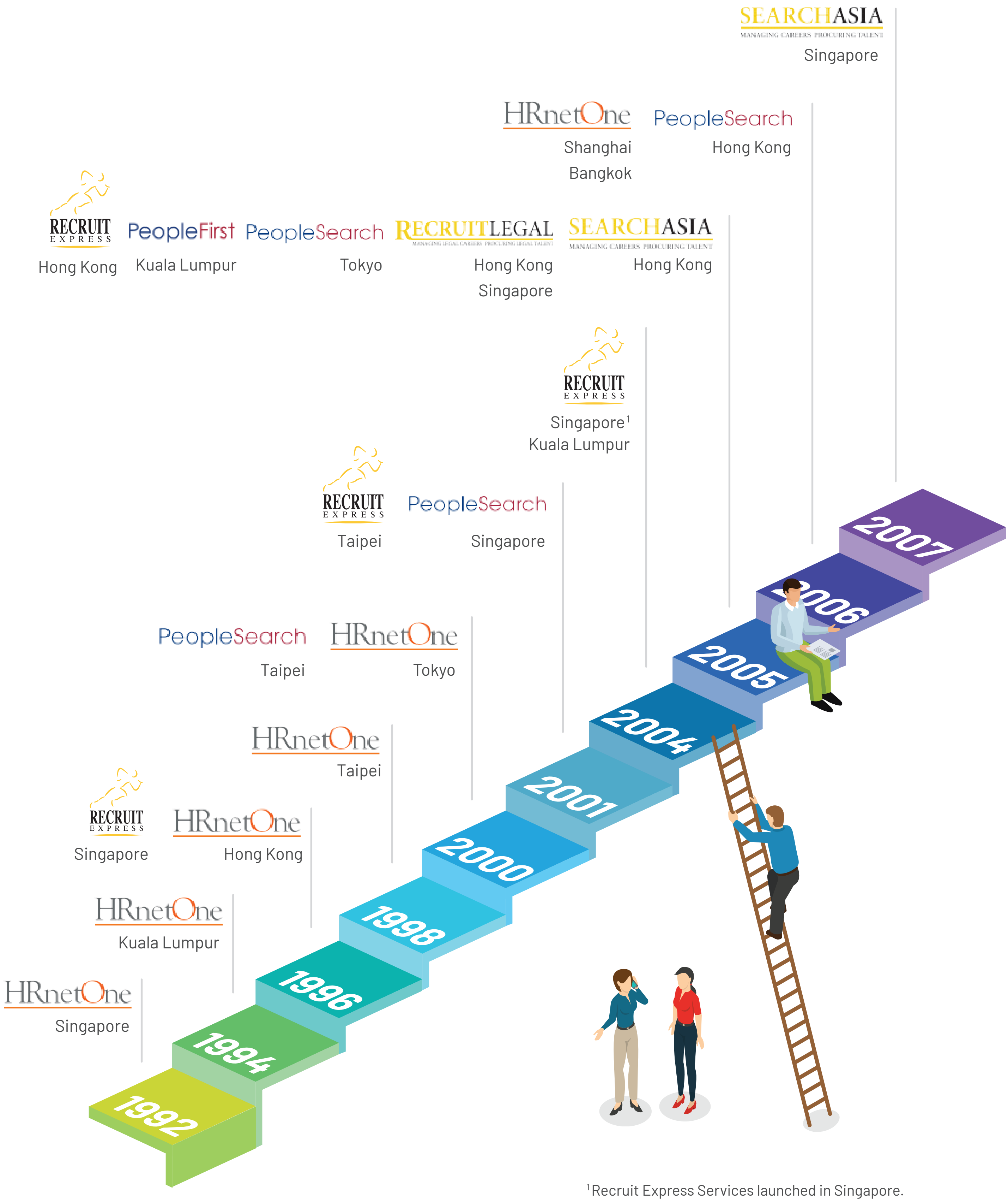
WHERE WE ARE

Our geographical footprint across Asia comes from 27 years of organisation-building

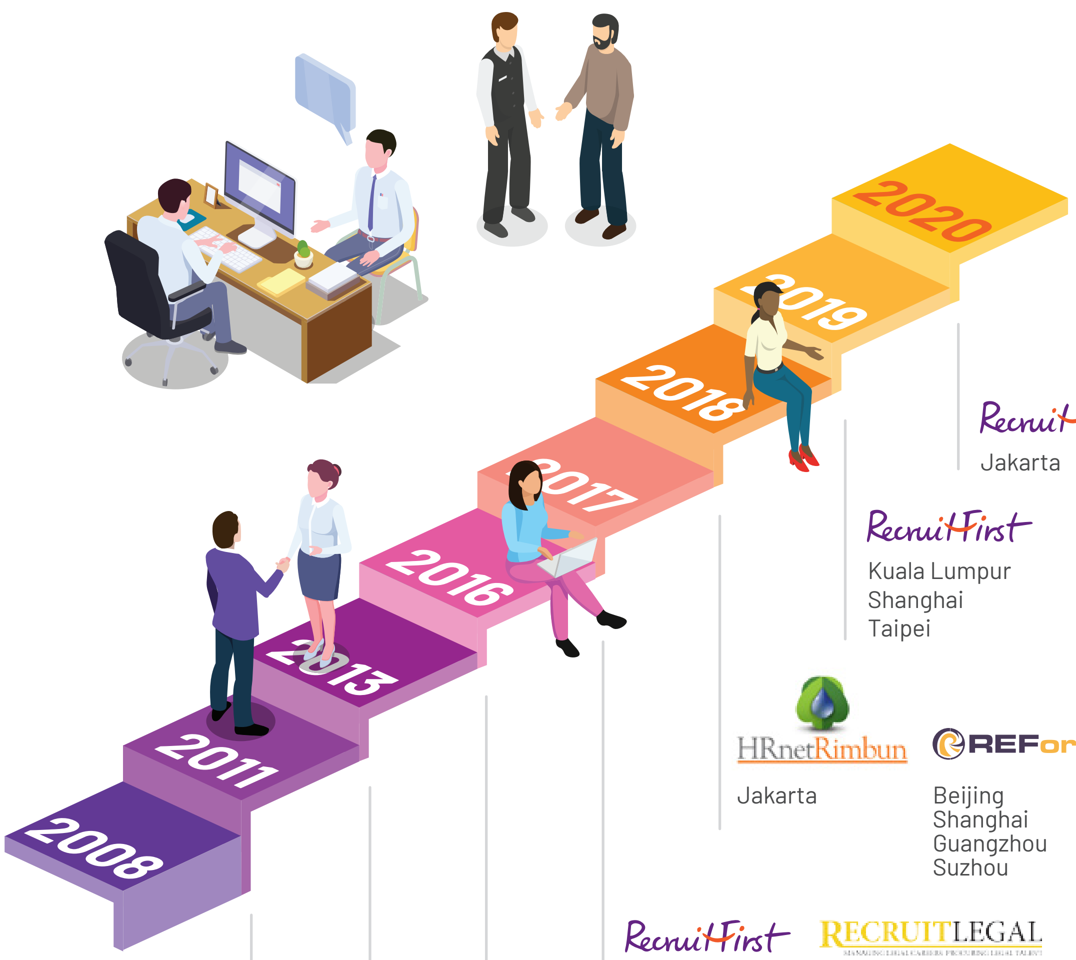
WE ARE CURRENTLY OPERATING IN

13 ASIAN TALENT MARKETS

OUR GROWTH STORY



[1] Recruit Express Services launched in Singapore.



HRnetOne
Beijing

HRnetOne
Seoul
Guangzhou

PeopleSearch
Shanghai

RecruitFirst
Singapore

yespay
Singapore

RecruitFirst
Hong Kong

RECRUITLEGAL
Kuala Lumpur

HRnetGroup
16 JUNE 2017
Listed on the Mainboard
of Singapore Exchange

HRnetRimbun
Jakarta

REForce
Beijing
Shanghai
Guangzhou
Suzhou

CENTER POINT PERSONNEL
Hong Kong

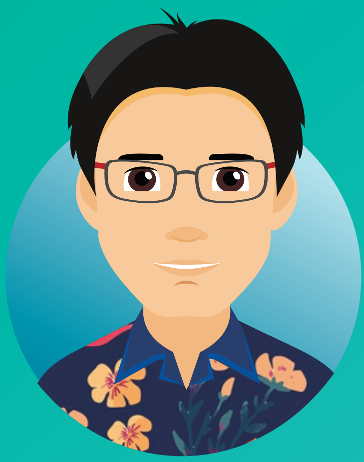
RecruitFirst
Kuala Lumpur
Shanghai
Taipei

RecruitFirst
Jakarta

HRnetOne
Shenzhen

MEET THE BOARD

BOARD OF DIRECTORS



PETER SIM
Founding Chairman

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

Peter Sim our Founding Chairman, founded the company in 1992 and has over 40 years of expertise in talent acquisition and management.

Forever lucky and diligent. That about sums up who the aptly named Peter is. His Chinese name means Forever Lucky, and Peter is the first to acknowledge that he has had many lucky breaks in life. However, that could be due to how diligent he is. After all, luck favours the prepared.

Many signs give away how hands-on Peter is about running HRnetGroup - nothing is too small to be unworthy of his attention. Everything has always to be thoughtfully and well done. He personally conducts sales trainings for new consultants, leadership workshops for emerging leaders, and even does the interior design and selection of art work for our offices across the region.

Having turned 66, Peter continues to keep 12-hour days at work, and can be found most Saturdays at one of our business units or at meetings in Tokyo, Shanghai, Taipei, Hong Kong or Kuala Lumpur, engaging with clients, colleagues, stakeholders.

It is how we organise ourselves, how we refine our services and give our clients more than they dreamed of asking which sets us apart. Peter sets the tone on how we work on that relentlessly.

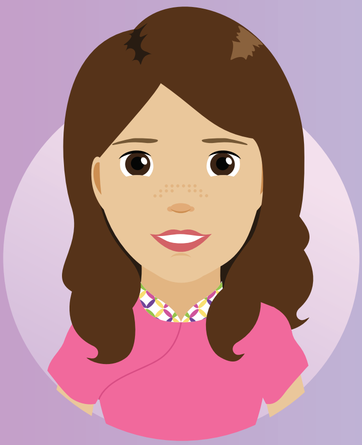
Peter has played various HR roles at organisations including McDermott South East Asia Pte Ltd, the Monetary Authority of Singapore, Singapore Aerospace Pte Ltd and Thomson Consumer Electronics Pte Ltd. His last role before founding HRnetOne was as the Regional Human Resource Director of Honeywell SEA Pte Ltd. He graduated with a Bachelor of Arts from the University of Singapore in 1976 and is also an associate of the Institute of Chartered Secretaries and Administrators, UK.

If you were to look up the personality traits of those born in the year of the Rooster, you'll find that diligence, resourcefulness, courage, talent, and confidence are some of the common descriptions used. Not surprisingly, JS embodies these very characteristics. He is the personification of what happens when humility and practicality combines with intelligence and determination.

As the Chief Executive Officer of Recruit Express, Recruit Express Services and SearchAsia, JS leads over 300 people across Singapore, Taipei, Hong Kong and Kuala Lumpur. Every single candidate who aspires to join the Recruit Express, Recruit Express Services and SearchAsia teams have to be interviewed by him, and it is the stuff of legend that leaders are super pumped when he approves a candidate for hire. Thereafter, JS personally conducts the sales training for this elite squad, and tracks them in the monthly missive he sends to his leaders.

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. He 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.

BOARD OF DIRECTORS

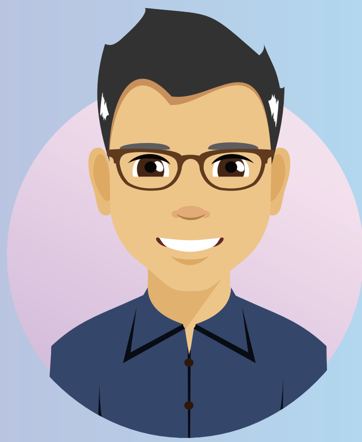


ADELINE SIM
Executive Director
and Chief Legal Officer

Adeline Sim is our Executive Director and Chief Legal Officer. She leads strategic and tactical initiatives, and is a member of the Investment Committee identifying and executing investments and acquisitions. She also oversees the technology, digital marketing, investor relations and communication functions of the Group. In her role as Chief Legal Officer, Adeline provides counsel and guidance on legal matters across the 30 business units we have in 13 cities.

On any given day, Adeline can be found doing business reviews with our people, driving a Leaders' Breakfast Club event with clients, cutting a deal or meeting with investors. Adeline's love for life and people definitely helps fuel a very demanding and varied schedule, which sees her reaching across time zones and forging relationships with stakeholders and targets alike.

Adeline began her career as a lawyer with Drew & Napier LLC in 2004 where she was engaged in dispute resolution and subsequently, capital markets work. She left the firm in 2008 to join our Group. She graduated with a Bachelor of Laws from the National University of Singapore in 2003, was admitted to the Singapore Bar in 2004, and is a Solicitor of the Supreme Court of England and Wales. Adeline is also a Director of the Singapore International Mediation Centre, as well as a member of the Finance Committee of Saint Joseph's Institution International.



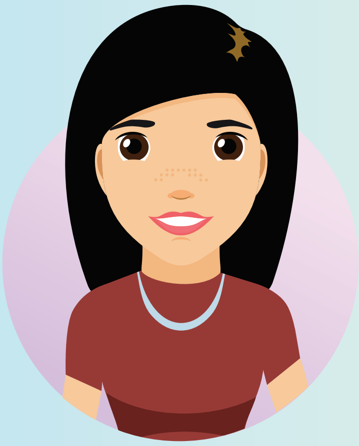
SIN BOON ANN
Lead Independent Non-Executive Director
and Chairman of Nominating Committee

Boon Ann is very much the legal eagle and has been with Drew & Napier LLC since 1992. Following his retirement as Deputy Managing Director of the Corporate Finance Department and Co-Head of the Capital Markets practice in March 2018, Boon Ann remains a consultant with the firm. Boon Ann is presently the Independent Non-Executive Chairman of Healthway Medical Corporation Limited and is also the Independent Director of CSE Global Limited, OUE Limited, Rex International Holding Limited and TIH Limited - testimony to his acute commercial sensibilities.

Somehow, in the midst of doing all that and raising 3 highly accomplished children with his beautiful wife, Boon Ann was also the Member of Parliament for Tampines GRC from 1996 to 2011.

The force is strong with this one, and Boon Ann was conferred the Singapore National Day Award - "The Public Service Star (Bintang Bakti Masyarakat)" in 2018 and "The Public Service Medal (Pingat Bakti Masyarakat)" in 2013 by the President of Singapore. He was also conferred the May Day Award - "Friend of Labour" in 2003 and "Meritorious Service" in 2013 for his contributions and commitment to the labour movement in Singapore. In 2018, Boon Ann was awarded the Distinguished Service Award by the National Trade Union Congress.

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 is the beauty in our boardroom who was appointed as our Independent Non-Executive Director on 16 May 2017. Mae spent over 17 years at Ernst & Young Singapore, leaving her skilled at keeping us on the straight and narrow. It is the confluence of amazing people skills and strict attention to rules and details which make her truly exceptional.

Mae is also an Independent Non-Executive Director of Apex Healthcare Berhad, Chuan Hup Holdings Limited, Grand Venture Technology Limited and Ossia International Limited. Her extensive experience with companies operating in the region gives Mae a broad and rich lens when approaching business situations.

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

NS TAN
Independent Non-Executive Director
and Chairman of Remuneration Committee

NS is our implacable, wise sage who can be counted on to be the voice of reason. That, and his vast experience, coupled with knowledge through reading and travelling very widely gives him fabulous credentials to be our Independent Non-Executive Director.

With 31 years of experience logged in the human resource sector, NS is an expert HR practitioner and was at one point a client using our services across the region when he was the Regional Asia Pacific Director of Rohm and Haas and the Regional HR Director for Eastman Chemical Company.

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 (CFO)

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

The experience that Jennifer garnered proved to be an asset when she started her career with HRnetGroup in 2003 as a Regional Finance Director. She went on to lead one of our professional recruitment businesses in Malaysia in 2007 before co-pioneering HRnetOne Beijing in 2008. Jennifer took on the role of CFO of HRnetGroup in 2012.

Her ability to deal with ambiguity, coupled with a strong technical background, sees her meeting success in the myriad projects she embarks on - whether it is financial control, treasury work, navigating within the HR industry for strategic investment opportunities, and reaching out and executing deals with business owners.

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

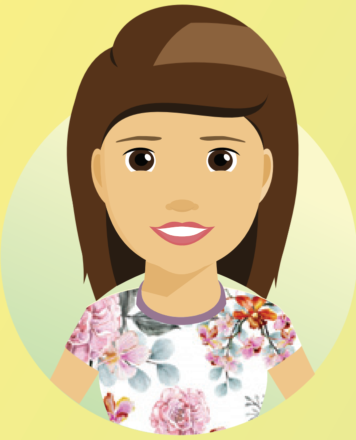
LORENCZ TAY
Group Business Leader and Managing Director of PeopleSearch Group of Companies

Lorencz Tay began his career in 1993 as a recruitment and account officer with HRnetOne and rapidly made his mark. Lorencz was appointed Managing Director in 2005, and in 2007, Lorencz took on the role of Group Business Leader and Managing Director of the PeopleSearch Group of Companies.

A little bit Peter Pan, a little bit Lewis Hamilton and a whole lot of passion and determination – that basically sums up who Lorencz is. An industry veteran with more than 2 decades of experience, Lorencz leads a team of 200 consultants across Singapore, Taipei, Tokyo, Hong Kong and Shanghai.

He has personally hired and groomed many of HRnetGroup's top performers and leaders – all of whom have undying loyalty to Lorencz and the company.

Oh and why Peter Pan you ask? At 52 years of age, Lorencz looks not a day older than when he first stepped through the doors of HRnetOne! Lorencz graduated with a Bachelor of Arts from the National University of Singapore in 1993.



DAISY TAN
Chief People Officer (CPO)

Daisy is our in-house yogi and CPO who joined us back in 1992. Somehow she managed to shimmy her way juggling 3 children and a truly exceptional career over the course of 27 years in HRnetGroup - handling the accounts at one stage, being a senior regional consultant and business services manager at another, even at some point being part of the core team setting up the Recruit Express brand - truly mastering the art of people in the course of these experiences.

Daisy is without a doubt the best-placed person to be our CPO, a role she has played since 2012, known for being able to read the energies in a room at a glance, wielding her gift in wondrous ways to get people to do her biding. Which invariably involves doing a better job than they even thought possible. Daisy's laser focus on building culture and values is also well known. It is by no coincidence that ethics and beliefs feature strongly in our half-yearly performance appraisals. As a professional services firm, it is the intangibles which set us apart.

Back when she must have been a child, Daisy obtained a Diploma in Human Resource Management from the Singapore Institute of Human Resource Management in 1995.

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 brought the brand into Taipei, and 4 years later took over the running of HRnetOne Hong Kong. By 2007, HRnetOne Tokyo also came under her charge. Together with her stalwart leaders, she was responsible for the HRnetOne businesses successfully taking root in Shanghai, Beijing and Guangzhou. Madeline also guides the REForce team, our first acquisition in China.

Much like the complexities of a full bodied red wine, Madeline's presence in the organisation has been nothing short of multifaceted. She is on the plane every week, with luggage, mettle and ardour in tow. Known to have meetings wherever and whenever - from sales updates with her team over a Japanese breakfast in Kyoto to cocktails and sliders with a client at Manhattan bar - many (if not all!) of her best light bulb moments were conceived over a glass of wine or two.

Our Talent Mapping approach to executive search work can also be credited to Madeline. She has been preaching this technique since 2005 and has truly honed it to perfection. Madeline's understanding of market trends, leadership practices, the needs of candidates and the wants of companies is world-class.

Singapore Polytechnic should be so proud of this alumnus who graduated with a Diploma in Chemical Process Technology in 1992.

LETTER TO SHAREHOLDERS

RESILIENCE, EVOLUTION, STAYING AHEAD

2019 was a year marked by instability with the backdrop of the trade war, which made for a difficult operating environment for the recruitment market.

DIFFICULT MARKET CONDITIONS

In particular, it was a struggle in Singapore where there was a distinct dearth of demand for talent acquisition given the general malaise of industry as well as a lack of pockets of exuberance. In prior years, even when the general economy had been dull, there were particular segments of the economy which were well-funded and in high-growth mode. Such companies were hungry for talent in order to quickly deliver performance. In 2019, even companies who did not have to be profitable in order to thrive were having to reassess spending.

As a result, our home market had a tumultuous year, with both the professional recruitment and staffing businesses suffering.

Kuala Lumpur and Hong Kong were the other cities where our businesses had a rougher time, with Hong Kong in particular experiencing a sudden reversal in fortunes as the protests intensified. Where in the first half of the year the Hong Kong businesses were clocking in double-digit growth, the converse was true in the second half of the year once violence broke out in earnest.

CAPITALISING ON OPPORTUNITIES

In our 2018 Annual Report, we spoke about how we would want to capitalise on opportunities made available by instability, as well as strengthen our product offerings in existing cities.

Making our investment into UK AIM-listed Staffline Group plc, of which we now own 29.95% was one of those opportune moments which we sought to capitalise on. Being the operator of staffing businesses, we understand what it means to have the sales engines, systems, and processes to have in excess of 60,000 contractors out working with clients everyday. We visited client sites in Glasgow and in Reading, met with long-standing client-facing employees of the business in Belfast and Birmingham, spent time with the technology team in the Nottingham headquarters of the recruitment arm. Staffline definitely has problems, but it also has substantial operations. Naturally at this point there is concern that the continuing financial issues plaguing the company will impact upon the business. We are keeping a close eye on the situation, and have been assured that the operating businesses are on budget for Q1 2020.

Organically, given the volatile macro environment we had to contend with in 2019, we pushed ahead with rolling out the staffing brand RecruitFirst across the region, with the brand launching in Kuala Lumpur, Shanghai and Taipei as scheduled. This is because

> So much happens in a year, but our North Star is to be fundamentally immersed and active in the market, to innovate, evolve and capitalise on opportunities in order to deliver great value to our clients and candidates, and profits to our shareholders.

demand for staffing tends to be more inelastic than that for professional recruitment. The official launch of HRnetOne Shenzhen however, was pushed to 2020 in favour of giving the fledging professional recruitment start-up time to develop stronger wings.

In the course of our work on mergers & acquisitions, as well as from daily interactions with players and peers in the market, we have also developed a strong sense of the companies in the people business whose growth stories we would like to participate in. Therefore, for a while now, we have had strategic investments in certain public companies in the people business. In 2019, these investments proved to be a significant source of net income, which complemented that from our operating businesses very nicely. It would appear that the moral of the story is that when you are immersed in the energies of a particular market, there are many ways from which to benefit from it.

A BACKBONE OF TECHNOLOGY

Our acute awareness of the evolving market has also led us to belief that we should fundamentally regenerate our work processes such that it is based on a backbone of technology. To interweave digital touchpoints with human interactions in order to draw our clients and candidates ever closer into our ecosystem, and improve on efficiency and user experience through driving value generated by innovation. Utilising technology to remove the need for contractors to physically travel to our offices and attend at meetings just to sign their employment contracts has effectively saved an average of 641 man hours per month for contractor employees, as well as for our consultants. Phasing out physical timesheets in favour of selfie check-ins means submission and approval of timesheets in real time, and is a step towards our goal of paying contractor employees within 48 hours of clients' confirmation. Systemic requests for feedback throughout the work process means we now have Net Promoter Scores for each consultant.

The spectre of the COVID-19 pandemic has also reinforced the need for our work process continuum to be delivered digitally when required - for data to be captured and processed seamlessly, rhythms and routines to be adapted, even something as simple as infrastructure and facilities for cross-border group video meetings requiring reinforcement when entire offices activate split-force, split-site arrangements.

2020 DISCERNMENT

So much happens in a year, but our North Star is to be fundamentally immersed and active in the market, to innovate, evolve and capitalise on opportunities in order to deliver great value to our clients and candidates and profits to our shareholders.

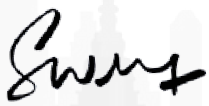
Given the fact that our NPAT has increased by 6.4% to S$55.8m in 2019, we are recommending to pay our shareholders S$28.2m in dividends at our upcoming AGM.

Unlike prior years however, we are unfortunately unable to invite you to a Teochew porridge buffet breakfast as large group buffet spreads are prohibited by our business continuity plans!

Nonetheless, you can rest assured that in this tumultuous time, we are utilising all our senses to discern the best path forward. What is clear is that we will continue to work on introducing the RecruitFirst brand to new markets – with RecruitFirst Jakarta set to come out next. We will also be sensitive to opportunities which could arise due to the seismic waves washing over the market. We are indeed fortunate to have the bandwidth to keep our teams intact and ride out this crisis together, and we will emerge bigger, stronger, and more profitable when the world is in a better place.

Stay safe, and to a better 2020! Save a job, save a family, let's keep our cities running, one job at a time!

Peter Sim
Founding Chairman



Adeline Sim
Executive Director and Chief Legal Officer

KEY FINANCIAL HIGHLIGHTS

OVERVIEW OF FY2019 RESULTS

TOP LINES

REVENUE

S$423.1m

▼ 1.3%

(FY2018: S$428.5m)

GROSS PROFIT

S$145.6m

▼ 6.3%

(FY2018: S$155.3m)

PROFITABILITY

NPAT

S$55.8m

▲ 6.4%

(FY2018: S$52.4m)

PATMI

S$51.6m

▲ 7.1%

(FY2018: S$48.2m)

EFFICIENCY RATIO (EBITDA*/GP)

48.8%

▲ 8.4 points

(FY2018: 40.4%)

BUSINESS VOLUME

CONTRACTOR EMPLOYEES

11,929

▼ 183 (1.5%)

(FY2018: 12,112)

PLACEMENTS

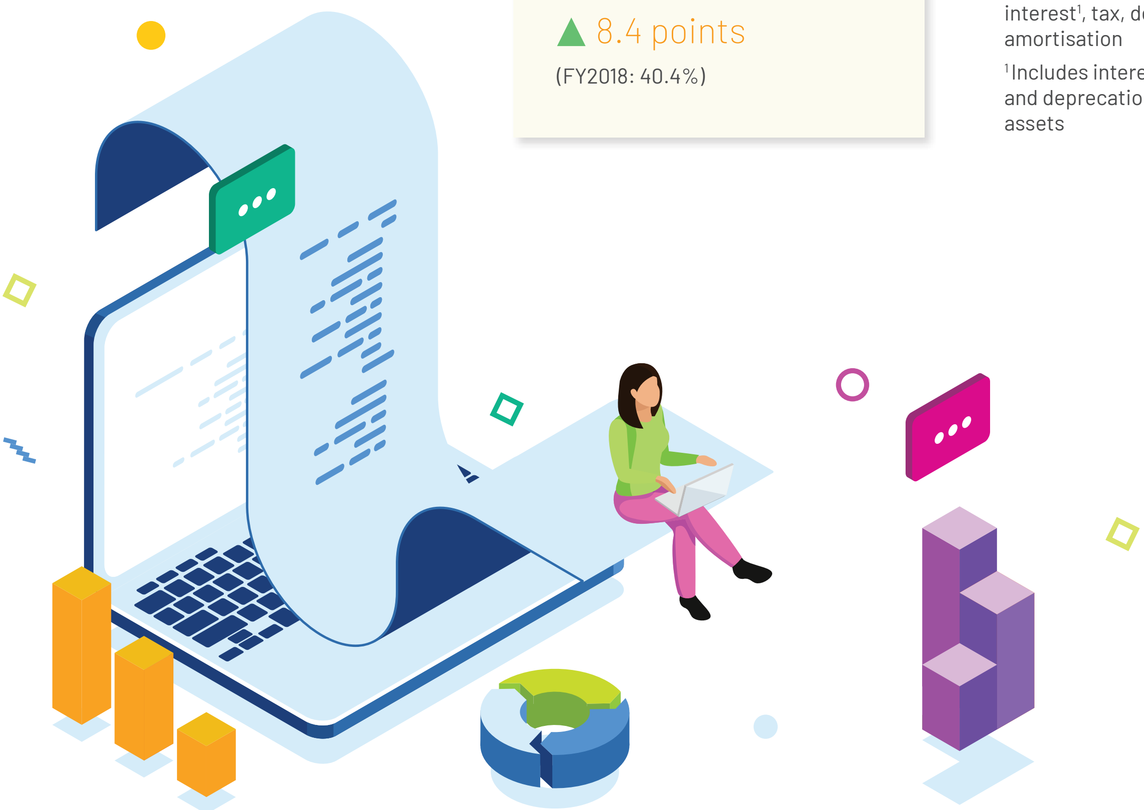
8,530

▼ 918 (9.7%)

(FY2018: 9,448)

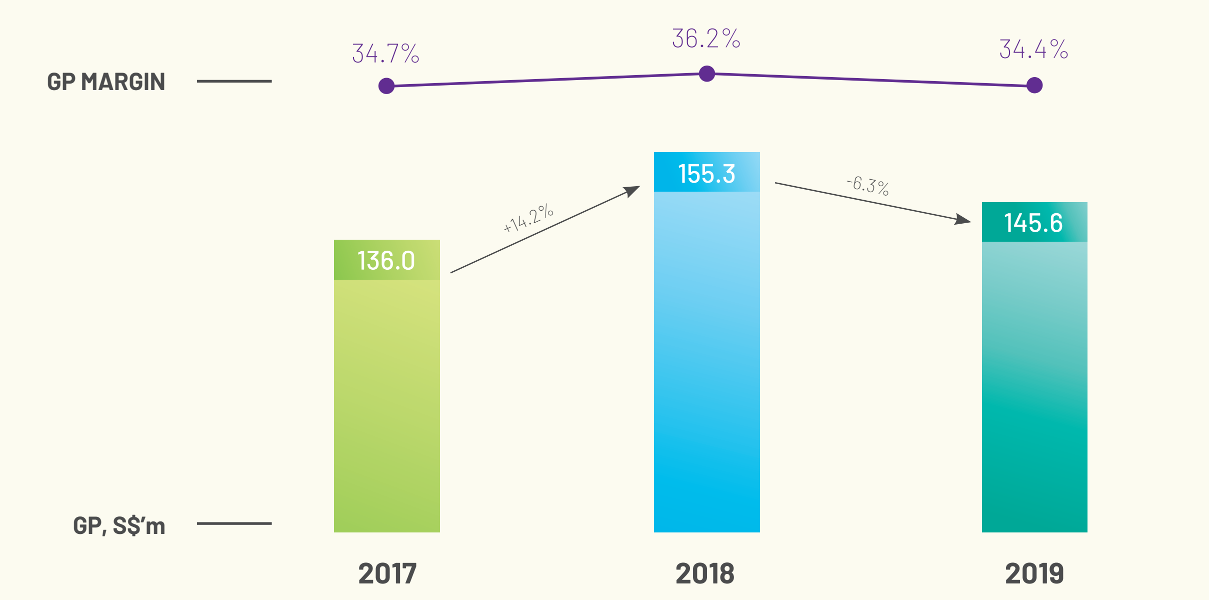
*EBITDA refers to earnings before interest[1], tax, depreciation[1] and amortisation

[1] Includes interest on lease expense and deprecation on right-of-use assets

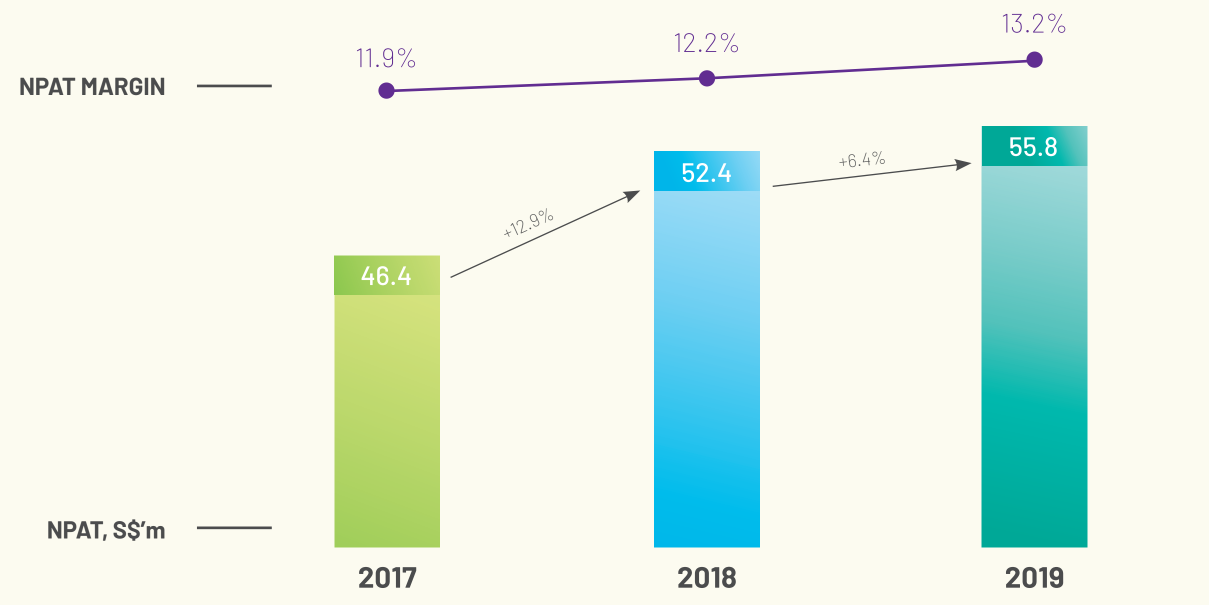


HEALTHY GROSS PROFIT & NPAT GROWTH

GROSS PROFIT & GP MARGIN



NPAT & NPAT MARGIN



KEY FINANCIAL HIGHLIGHTS

S$423.1m

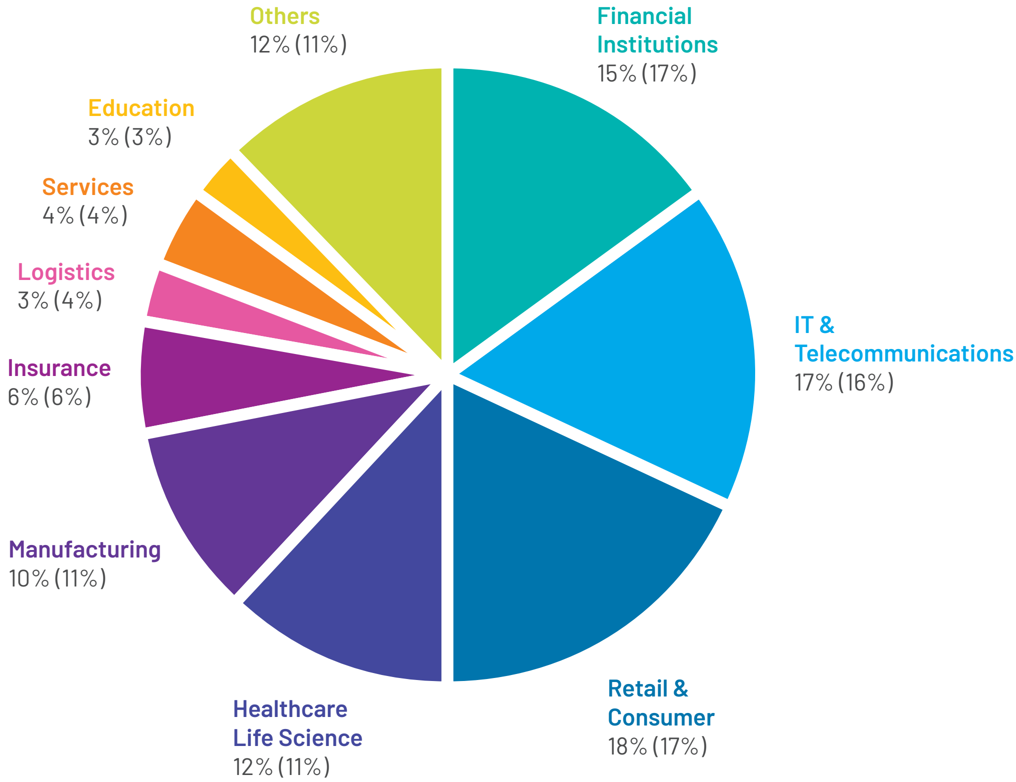
REVENUE

YOY DOWN 1.3% FROM S$428.5M

Revenue sustained its second year above the S$400m mark and its 9th quarter above the S$100m mark. The two key operating segments are Flexible Staffing ("FS") and Professional Recruitment ("PR"). Full year revenue declined slightly by 1.3% at S$423.1m (2018: S$428.5m) due to decline in PR revenue by 7.2% or S$7.4m but partially offset by the increase of 0.6% or S$1.9m increase in FS revenue. This is typical of economic downturns when FS revenue are generally more resilient than PR revenue, and the proportion of FS revenue rose from 75.2% to 76.6%.

Our revenue mix is diversified with more than 22 specialisations across more than 9 sectors. Our business is not dependent on any single sector.

As at 31 December 2019, none of the sectors contributed more than 20% of our revenue. Our Top 10 clients contributed 20.3% of our revenue while our Top 5 clients contributed 14.2%.



(% in brackets denotes 2018 figures)

S$145.6m

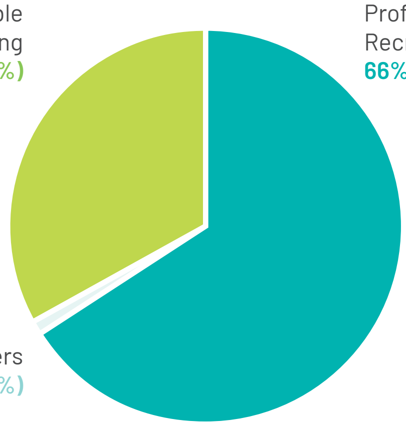
GROSS PROFIT

YOY DOWN 6.3% FROM S$155.3M

Business Segments

Gross profit contributions by PR was 65.7% (2018: 66.3%) and FS at 33.2% (2018: 32.3%). Gross profit declined by 6.3% to S$145.6m (2018: S$155.3m) mainly because of the decline in PR by S$7.4m and FS by S$1.9m. The first 9 months of the year saw a decline of S$4.2m while Q4 bore the brunt of the trade war and declined by S$5.5m.

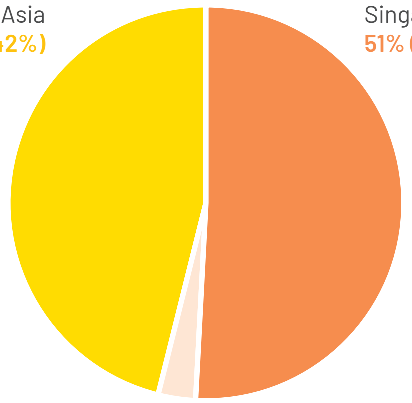
Gross profit margin softened to 34.4% (2018: 36.2%) due to the shift in business mix towards higher FS revenue which carries a gross profit margin of 14.9% (2018: 15.5%) compared to a reduced PR revenue which has a margin of 99.7% (2018: 99.6%).



Geographical Segments

Singapore, where the GDP grew by 0.1% in 2019 (2018: 3.1%) and 0.8% in 2019 Q4 (2018 Q4: 1.3%)[1], remains the largest market for the Group, accounting for 50.8% (2018: 53.7%) of its total gross profit. Consequently, the decline in gross profit from Singapore accounted for the bulk of the decline, while the growth in China, Hong Kong and Jakarta was muted by the weaknesses in Taipei, Kuala Lumpur and Bangkok.

[1] Source:
https://www.singstat.gov.sg/-/media/files/news/advgdp4q2019.pdf



(% in brackets denotes 2018 figures)

KEY FINANCIAL HIGHLIGHTS

S$2.0m

COST SAVINGS

Our operating expenses were well-controlled with a 2.1% reduction to S$94.9m (2018: S$96.9m).

Employee benefit expenses were reduced by S$3.3m to S$73.6m (2018: S$76.9m) because the increase of S$2.9m arising from the full year effect of the expenses relating to the acquired businesses was offset by the reduction of costs by the organic businesses through:

a. amortisation of the share-based payments relating to:

   - Bonus Shares under the 123GROW Plan which dovetailed from S$2.4m last year to S$0.8m this year as the Company issued the second tranche of Bonus Shares for the 123GROW shares during the year. The final tranche will be issued on 19 June 2020; and

   - GROW Shares amounting to S$0.4m granted on 1 July 2019;

b. the profit-sharing incentive scheme paying out lesser incentives in line with the lower gross profit;

c. shifts in salary mix arising from perm-to-temp/contract heartcount ratio, shifting to 924/180 (2018: 941/160) and job grade/functional differentials; and

d. waiver of bonus by certain directors.

Facilities and depreciation expenses increased by S$1.0m to S$12.1m (2018: S$11.1m) due to new office spaces taken up by RecruitFirst start-ups in Kuala Lumpur, Taipei and Shanghai, as well as the expansion and renewal of offices in the region.

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 client in financial difficulties. Travelling expenses also increased by S$0.3m.

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).

Finance costs of S$0.3m (2018: Nil) related to interest on lease liabilities as required by SFRS(I) 16 *Leases* which took effect from 1 January 2019.

S$17.7m

OTHER INCOME

YOY UP 160.6% FROM S$6.8M

Other income rose by S$10.9m to S$17.7m (2018: S$6.8m) which comprised higher interest income earned of S$4.3m (2018: S$3.5m), higher gain on the disposal of investments in HR marketable securities of S$6.1m (2018: S$1.0m), net fair value gain on financial assets of S$1.6m against last year's loss of S$3.9m and lower Singapore government subsidies received totalling S$4.6m (2018: S$5.6m).

Singapore government subsidies comprise mainly those received under the Wage Credit Scheme. Based on the Singapore Budget announced on 18 February 2020, the government co-funding under the wage credit scheme for 2019 shall be maintained at 20%, to be received in 2020. For 2020, the co-funding ratio will be stepped down to 15%, to be received in 2021. The qualifying gross wage ceiling will also be raised to S$5,000 for both years, up from the current S$4,000.

S$'m	Q1	Q2	Q3	Q4
2017	WCS & SEC 4.5	TEC 0.9	SEC 0.1	TEC 0.5
2018	WCS & SEC 5.0	TEC 0.5	SEC 0.1	No more payout
2019	WCS & SEC 4.5	No more payout	SEC 0.1	No more payout
2020	To receive	–	To receive	–
2021	To receive	–	No more payout	–

KEY FINANCIAL HIGHLIGHTS

CASH

Our debt-free balance sheet remains very strong with a cash balance of S$266.2m (2018: S$281.8m). Operating activities generated cash of S$59.3m, whilst investing activities used a net sum of S$39.6m, with a further S$34.6m utilised in financing activities comprising mainly dividend payout and repayment of lease liabilities. We propose to declare the same level of dividends of S$28.2m (2018: S$28.2m) which translates to 50.6% payout of 2019 net profit after tax and 2.8 Singapore cents for each ordinary share held by our shareholders.

INVESTMENTS

In 2018, we made 3 acquisitions namely Rimbun Job Agency in Jakarta, Career Personnel in Hong Kong and REForce in China. These acquisitions continue to be profit accretive to the Group and each have done well tapping into the collective resources, energies and wisdoms of the Group.

During the year, we invested a total of S$63.4m in AIM-listed Staffline Group plc (of which we own 29.95%), and in HKEX-listed Bamboos Health Care Holdings Limited (of which we own 8.19%). These financial assets are designated at fair value through other comprehensive income as we do not have a board seats nor significant influence over the businesses. The fair value of S$38.1m as at year end was recorded under non-current assets as we take a long-term view to these investments. Any gain or loss arising from changes in fair value would be recognised in other comprehensive income and accumulated in the investments revaluation reserve. Upon disposal, the cumulative gain or loss would be transferred to retained earnings.

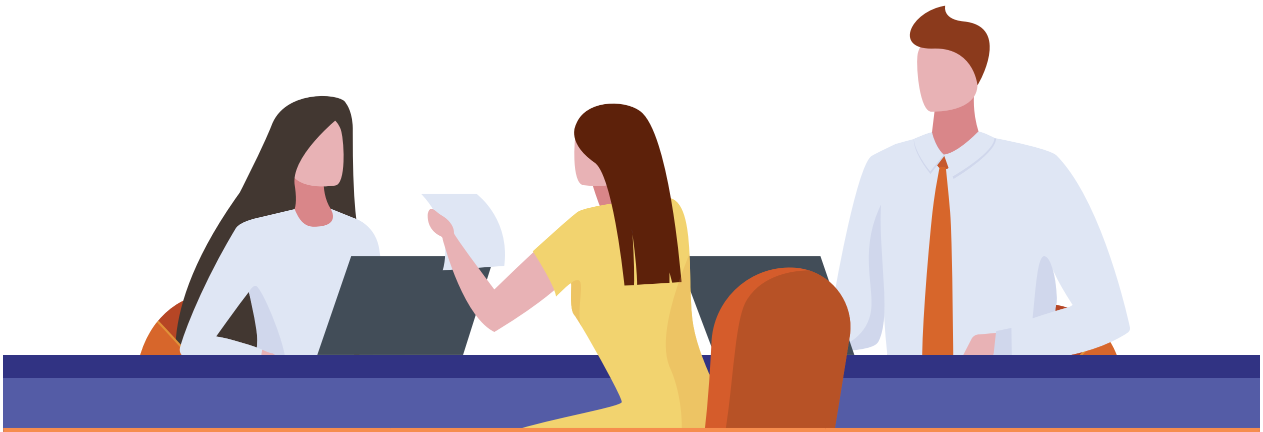
As seasoned operators of a successful HR business, we invest in a portfolio of global HR marketable securities for which we track and monitor for engagement in market forces. We are constantly evaluating and rebalancing this portfolio. In 2019, we disposed of some of these marketable securities and realised a net gain of S$6.1m which is recorded as other income. We also added to our portfolio assets at a cost of S$6.6m. Our current portion of other financial assets that is mandatorily measured at fair value through profit or loss stood at S$9.2m (2018: S$16.1m) as at year end. Any gain or loss arising from revaluation or disposal would be credited or charged to statement of profit or loss.

STAKEHOLDERS' REPORT

Our key stakeholders are those who most materially impact our strategy, or are directly impacted by it. They comprise our clients and candidates, contractor employees and colleagues, investors, governments and regulators, and society at large. Engagement with stakeholders provides us with an understanding of the matters they are most concerned with. These matters help us define our strategic priorities and guide our initiatives. Over the years, we have planned and executed various initiatives to engage with our stakeholders and address their key concerns.

STAKEHOLDERS' REPORT

CLIENTS AND CANDIDATES



WHAT THEY EXPECT?	HOW WE RESPONDED?	HOW WE ENGAGED THEM IN 2019
• Strong market expertise • Reliable and responsible advice • Good value (clients) • Protection of data and privacy • Convenient access to information and services	• Utilising a quantitative work process to ensure consistent interaction with, and deep, real-time knowledge of the industries and roles we specialise in. • Maintaining the highest professional and ethical standards in all dealings with our clients and candidates • Providing our clients and candidates with clear and transparent information so that they can make informed decisions • Interweaving digital with physical touchpoints with our clients and candidates to refine and improve the user experience • Managing feedback independently, effectively and promptly	• Rhythm of meetings which include Weekly Action Meetings, Quarterly Engagement Meetings, case updates and intelligence briefings • Content developed and pushed out on websites and social media platforms • Roundtables and events (e.g. Leaders' Breakfast Club for clients and recruitment events for candidates) • HeaRtbeats, which gathers feedback at specified points in a client's and candidate's journey so that we can intervene in real-time, and which also forms the base data for Net Promoter Score calculations. • KnockKnock which gives clients greater insight and control over contractor employees as well as allows for real-time approval of timesheets. • Enhanced communication platforms including WhatsApp Me! and e-Signatures.

A MARKET LEADER WITH DEEP EXPERTISE

HRnetGroup is constantly evolving to adapt to market changes and to provide the talents needed to drive existing, new and promising areas of the market. With the benefit of objectivity and expert domain knowledge, we are able to advise clients on their talent acquisition needs even before it is in active consideration. Companies need the right talents in the right places at the right times in order to grow and expand. Our objective is to help accelerate the growth and success of enterprises through the art of talent acquisition.

In 2019, we served a total of 3,963 corporates across 22 industry specialisations and led the market in verticals as diverse as hospitality in Tokyo, early childhood educators in Singapore and online-to-offline digital marketing in Shanghai. Our clients know that when they come to us, the talent in the space has been scoured and assessed for suitability and fit, and they can take quick decisions without having to trawl through voluminous amounts of data and sit through numerous tedious interviews.

The best testament to the quality of service we provide must be that our top 5 clients have been with us for an average of 17 years. In today's business environment when everyone is moving at hyper-speed, the longevity of the relationships with our clients is also due to the fact that we are constantly evolving and growing with them.

With the rollout of the RecruitFirst brand in Kuala Lumpur, Shanghai, and Taipei in 2019, we have broadened our service offerings in these cities with a valued product backed by solid infrastructure. In 2020, the RecruitFirst brand will take root in Jakarta as well.

BUILDING ON A BACKBONE OF TECHNOLOGY

Whilst we are a people business, we are built on a backbone of technology. Digital touchpoints have been interwoven into physical interactions to draw clients and candidates ever closer into our ecosystem, in a world where instantaneous responses are increasingly expected.

We are acutely aware of meeting and exceeding the expectations of both clients and candidates, surprising them with how easy it is to work with us, by capitalising on the efficiencies technology can harness at multiple points across the work cycle.

Over the past year, we have introduced the capacity to automate and manage our business transactions, allowing road warrior clients to digitally endorse documents on their phones, or assign approval rights appropriately. The removal of transactional friction aids the speed with which we can successfully execute assignments.

Contractor employees too no longer have to attend at our offices to execute employment contracts, this can now be done remotely through their phones through Electronic Letter of Appointment ("ELLA"), our digital platform for contracting of employment contracts and related documents.

For clients of RecruitFirst, we have rolled out KnockKnock, our selfie check-in system which allows for GPS positioning/fencing and real-time approval

of timesheets on mobile. Contractors no longer have to bring physical timesheets to multiple parties for approval, but can instead tell with certainty the approval status of their time logged. At some point, we would like to be able to pay contractors within 48 hours of clients' approval of timesheets.

The HeaRtbeats platform has also been refined to capture valuable input from clients and candidates at critical points in the journey, with automatic escalation for intervention, and raw data being used to derive the Net Promoter Score of consultants on an individual basis.

As we scale and grow across numerous territories, having a strong digital backbone is a valuable asset which clearly differentiates us.

THOUGHT-LEADERSHIP PLATFORMS

At various points throughout the year, senior executives and HR leaders across Singapore, Kuala Lumpur, Bangkok, Taipei, Jakarta and Hong Kong gathered for the 2019 editions of Leaders' Breakfast Club.

As a key player in the talent acquisition space, we are uniquely placed to facilitate the sharing and development of best practices and innovative ideas that aid in the development of better employment cultures and environments.

Some of the topics we worked on include:

The Future of Work

We partnered with Deloitte to put together an event that would allow leaders to learn and discuss the new realities of work as well as to navigate the future of work, through an action plan to help them move in the right direction.

STAKEHOLDERS' REPORT

Uncomfortable Conversations

What to say when you have to remove someone from the leadership track, manage negative feedback, power harassment, or to execute a conscious uncoupling. Discussions got heated, emotions heightened, and numerous strategies shared and tested.

At this session, we brought to the surface HR-related conversations that we know are tough to have. The ones that are sensitive because it deals with an individual's emotions. We focused on topics that were based on real-life situations and moulded them into scenes that allowed the guests to do some role-playing.

The conversations were fuelled by the exchange of ideas, strategies, experiences and resulted in plenty of A-Ha! moments.

Our Leaders' Breakfast Club sessions are always highly sought after by clients and very well received, as they provide a unique forum for practitioners to test theories, share experiences and consult with fellow experts in a safe environment.

Meanwhile, The GRIN Report-Gossips, Rumours, Intelligence, & News sent to our stakeholders cover a wide range of topics including:

- Working with Headhunters
- New Insurance Technology
- The X Factor in the Double X Chromosomes
- HRnetLoves Empowering People
- The Power of Intrinsic Motivation
- Say Hello to a Fresh New Start

The team at PeopleSearch also spearheaded initiatives through events that targeted both clients and candidates.

Fresh Perspectives

This is a series of events that draw an audience of senior executives from multinationals across diverse industries and large local corporates. Through a panel of prolific speakers, we discussed thought-provoking topics that ran the gamut of HR trends and industry related matters.

All with the ultimate aim to provoke conversations that matter.

X

'X' is a workforce outreach initiative designed for young talent primed for the next milestone of their careers. Young professionals from diverse industries are gathered for dialogue sessions with newsmakers from a variety of business sectors, fun events such as trivia quizzes as well as industry immersion events. Our aim is to build meaningful relationships with these young talents through opportunities that will allow them to expand their horizons, create priceless connections and develop the X-factor to thrive amid dynamic change.

EMPLOYEES

WHAT THEY EXPECT?	HOW WE RESPONDED?	HOW WE ENGAGED THEM IN 2019
• Fair employment practices • Renumeration packages which are commensurate with value created • Future-focused organisation • Growth prospects • Work-life integration • Workplace wellness	• Progressive recruitment and employment practices • Monthly basic salaries based on competencies • Incentive plans which are directly correlated with performance • Derive greater efficiencies through the development and deployment of systems of work • Empowering our people to take ownership of their career paths, including practising the concept of automatic promotions based on achievement of criteria • Cultivating a positive working environment to promote physical and mental wellbeing giving rise to happy employees • Enabling colleagues to give back to the community through our Corporate Social Responsibility ("CSR") activities	• Monthly Breakthrough Performance Plans • The rollout of ELLA, Electronic Candidate Form ("CANDID"), e-Sign and other tools to enhance productivity • Customised practices across different business units including having weekly visits by masseurs, and a supply of fresh fruits to promote healthier eating. • CSR events which focuses on community outreach.

As a HR recruitment firm, human capital is our key asset. Our success is highly dependent on the dedication, abilities, experience and knowledge of our staff. That is why we place the development, engagement and retention of our employees high on our list of priorities. Understanding the needs and wants of our people, catering to their priorities, and enabling their growth and progression is critical in cultivating a highly driven and effective workforce. Our HR programme is a never-ending journey. It starts with hiring the people who share our vision and with potential to grow, and developing their careers with us. Our full suite of training programmes which commence even before onboarding, and encompass a slew of areas including regulatory updates, sales techniques and leadership courses, are meant to equip our people with the skills and mindset to adapt and perform under constantly evolving environments. We work with clear career progression criteria and a robust reward and incentive system to motivate our teams to push their limits and stretch their potential. Our unique Co-Ownership plans further provide the opportunity for high-performers to unleash the entrepreneurship spirit in them, invest in the Company and/or a new venture, and share in its success as well as its risk of failure.

STAKEHOLDERS' REPORT

DIVERSITY AND EQUAL OPPORTUNITY

At HRnetGroup, we are committed to promoting diversity and equal opportunity, both within our own workplace, and also amongst our clients. Diversity in the workplace increases awareness, talent pool, employee morale, creativity, and performance. By being inclusive, we are also building the capacity for better and deeper connections with candidates and clients.

Diversity extends far beyond gender and age groups, to background, experience, skills, and knowledge. By consciously cultivating a diverse team, we are much better equipped to rapidly respond to the myriad of demands across vastly different markets. Besides the obvious benefits to the company, diversity and equal opportunities for our staff is a responsibility that we take to contribute towards creating a more inclusive society.

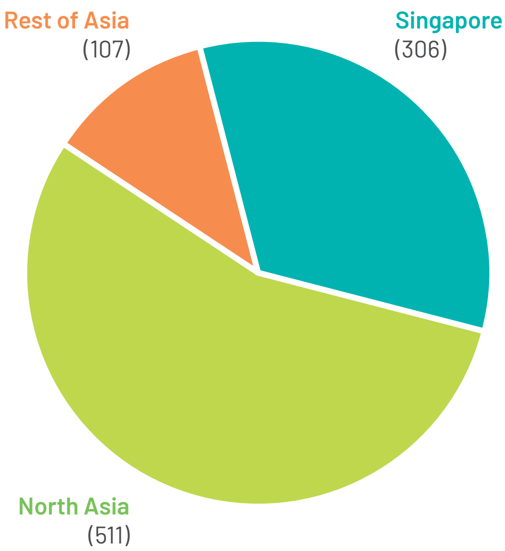
We have a number of HR policies that detail our approach to this, including our Equal Opportunities Policy. An example of an initiative to translate a policy into action is:

An emphasis on local leadership – When we start a new business unit, we always endeavour to localise leadership roles. This allows us to kickstart operations as a local business with a staff population that is acutely aware of the nuances and intricacies involved when serving the local market. This also creates a platform for us to provide opportunities to local communities by hiring locals and grooming them to fill leadership positions. For more established business units, the focus is always on having a majority of leaders being drawn from the local community.

OUR STAFF PROFILE

As at 31 December 2019, we had 924 permanent employees.

PERMANENT STAFF BY REGION

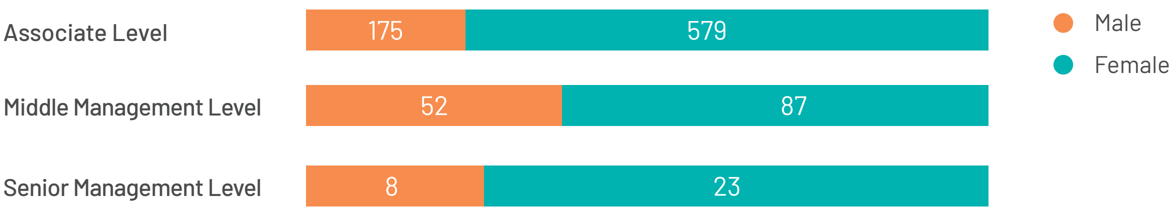


STAFF DIVERSITY

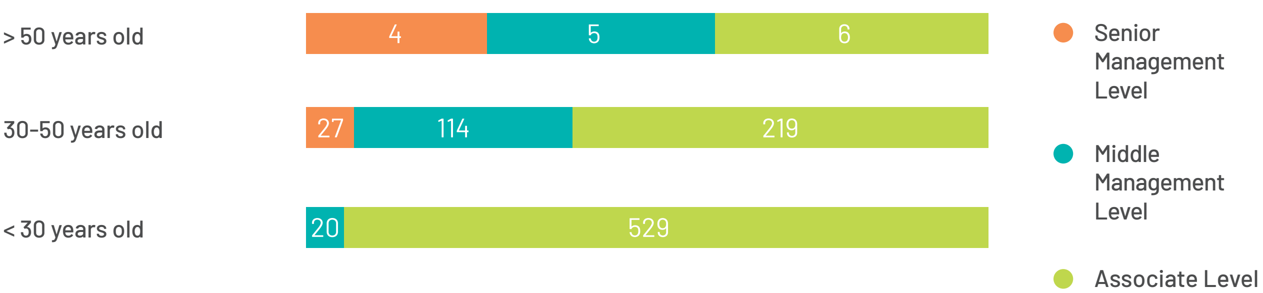
Our gender diversity is very encouraging in that 75.6% of our permanent staff base and 57.4% of our flexible staffing contractor employees are women. We are proud that our Board is 33.3% female. We have a young staff base, which is in line with our innovation and growth plans, with 59.4% of our permanent staff under the age of 30.

GENDER SPLIT BY STAFF

GENDER BREAKDOWN BY EMPLOYEE LEVEL (PERMANENT STAFF)

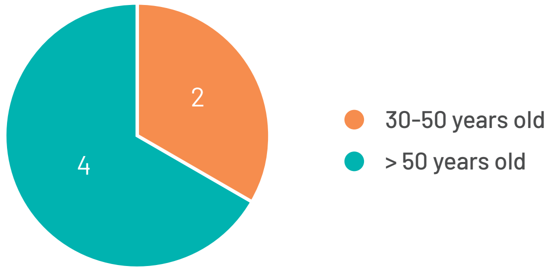


EMPLOYEE LEVEL BREAKDOWN BY AGE (PERMANENT STAFF)

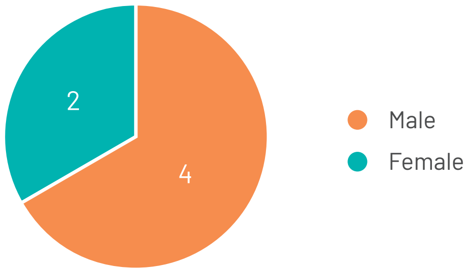


STAKEHOLDERS' REPORT

BOARD OF DIRECTORS BY AGE GROUP



BOARD OF DIRECTORS BY GENDER



TALENT DEVELOPMENT AND ENGAGEMENT

Employees are exposed to a wide array of training programmes and opportunities which are aimed at building their functional and core competencies. We have curated our own curriculum via multiple avenues to provide a comprehensive learning journey for our staff. We are pleased to say that we achieved an average of 77 hours of training per employee over the year. We intend to maintain this average going forward. Some of the training programs attended by our staff are as follows:

Great in Sales ("GIS")

This is a comprehensive programme which commences even before a consultant starts work with us. Potential hires have to work through an e-book authored in-house which encapsulates the art and science of being a recruiter. As a pre-condition of employment, they then have to pass an online test which assesses their understanding of the techniques covered in the e-book. An 80% pass rate is required in order for a Letter of Appointment to be issued.

Thereafter, there are monthly training programs to build on tools and techniques, with participants voting on the most artful formulations and applications. The Advanced GIS sessions are valuable masterclasses in the skills a recruiter needs.

Critical Success Activities ("CSA")

A quarterly Group-level, full-day event conducted in every city, it is a platform for sharing, alignment of goals and growth. The programme comprises updates on quarterly sales numbers, awards and recognition as well as the introduction of new programs and initiatives.

Group Quarterly Business Review ("GQBR")

GQBR is a quarterly Group-level, full-day event that brings together leaders from our various business units across 13 cities. Conducted in Singapore, the program comprises updates on group level sales numbers across all Business Units, announcement of awards and promotions, and discussions and sharing on trends and business developments across various cities and how we should capitalise on them.

Career progression & Talent Wave

Talent management and retention underpin the company's growth and progression. Across cities, career progression and self-fulfilment are important elements individuals look for in an organisation. Identifying areas of competencies and weaknesses, channelling strengths and resources to the right areas, helping them develop their potential and charting our common goals and time horizons are critical blocks in supporting our staff in building their careers.

Our clearly defined career map involves clear communication of criteria and a timeline for promotion, so that employees have control over their career paths and progression.

On a semi-annual basis, our leaders ride the Talent Wave, reviewing the prospects of high potential employees and working out how to rotate their portfolios or roles in order to develop their careers. Moving across brands or even cities, taking on regional roles or group-level functions, are all options on the table which are fully explored for each individual.

Staff wellbeing and satisfaction

Our people are our most important resource, and we work on cultivating a long-term relationship with them. We believe that the 3 pillars to cultivating a happy workforce are mental wellbeing, physical health and material wealth.

As an organisation which consciously cultivates a flat structure, every voice has an opportunity to be heard. That is a key building block of mental wellbeing, where people have agency and are empowered to shape their experiences and that of the people around them.

We promote healthy living by starting each day with our Wellness Exercise, and encourage each office to have offerings focused on health. A number of our business units in Taipei and Shanghai now have visually-impaired masseurs coming into the office on a weekly basis, whilst some Singapore offices have standing deliveries of fruits. In one office, we even have piped-in mind and body healing music in order to optimise the working environment.

Our profit-sharing and variable bonus schemes, in addition to the competitive basic salaries we pay, ensure that productive employees are well rewarded financially. In addition, there is also our unique Co-Ownership scheme.

Co-Ownership

We are proud of our Co-Ownership scheme. The Co-Ownership scheme is HRnetGroup's unique strategy to retain talent, reward performance and to create a sense of ownership amongst employees. The innovative 123GROW Co-Ownership Scheme is unique amongst listed companies in Singapore whereby selected employees are given the opportunity to invest in the company by buying shares at market price. From 2018 to 2020, employees who meet performance criteria in the prior financial year receive bonus shares. The scheme helps to effectively align the interests of our employees with our shareholders – for everyone to be focused on creating a sustainable profitable business.

[1] Productive heartcount is defined as sales employee who achieves gross profit of 3 times his payroll costs.

Seeing how effective the Co-Ownership model is, we have created a new programme, the GROW shares scheme, to bring more Co-Owners on board and allow existing Co-Owners to grow the number of shares they own. The mechanism of the scheme is as such:

- Financial Year 2018 – Potential Co-Owners needed to be a productive heartcount ("PHC[1]") for the year
- July 2019 – PHC were granted an allocation of GROW shares
- July 2020 – GROW shares will vest based on the realisation of pre-set criteria, comprising personal targets (35% weightage), Business Unit's targets (35% weightage) and Group's overall performance (30% weightage).

As of 31 December 2019, the number of employees under the Co-Ownership scheme is 254, which makes up 27% of our permanent staff base. In 2018, this number was 301, 32% of the permanent staff base. The reduction in number of Co-Owners is mainly due to natural attrition. Having said that, our overall retention rate for Co-Owners is 84%, which is a testament to the effectiveness of our Co-Ownership scheme. We will continue to review our schemes and evaluate how to continue its success.

STAKEHOLDERS' REPORT

INVESTORS

WHAT THEY EXPECT?	HOW WE RESPONDED?	HOW WE ENGAGED THEM IN 2019
• Stable and sustainable growth and profitability • Reasonable returns to shareholders • Preserving balance sheet strength through economic cycles • Strong corporate governance and transparency • Timely disclosures	• Ensuring strong oversight and accountability by an experienced and competent Board and Management team • Adopting a disciplined and measured approach towards business risks and opportunities • Ensuring robust risk governance and management • Maintaining a healthy corporate governance culture • Ensuring timely disclosure and reporting	• Annual General Meeting ("AGM") • Quarterly results briefings • Investor conferences, face-to-face meetings, conference calls and webinars • Annual Report • Notices, Circulars, and Announcements • Bi-monthly communication – The GRIN report

At HRnetGroup, we maintain regular dialogue and engagement with the investment community to provide relevant information on the Group's corporate strategy, operational performance and business outlook and to help them make well-informed investment decisions. We also seek their feedback so as to provide Management with regular updates of market perceptions. With the long-term interests of our shareholders at heart, we aim to build a sustainable business with stable returns.

INVESTOR RELATIONS POLICY

We promote regular, effective and fair communication with shareholders, potential investors and equity analysts, and all in the the investment community. We are committed to convey pertinent information to shareholders in a fair, clear and timely manner.

All material, price-sensitive announcements are made via the SGX website ("SGXNET") and where applicable, other channels, including the Company's website. If material non-public information is released inadvertently in any forum, the same information shall be released via SGXNET at the earliest possible time.

We shall not comment in any way on the status of the Group's current half year's financials and operations nor allude to earnings estimates, during the "blackout" periods. "Blackout" periods are one month before the announcement of the Group's first half-year and full-year results.

Members of the key management, supported by the Investor Relations Team, meet with investors and analysts on a regular basis and hold investor roadshows or briefings.

Through constant dialogue with them, we keep investors abreast of the Group's financials, milestones and other material developments. We regularly review our content disclosure to provide investors with the information needed to address their areas of concern.

In 2019, we hosted over 70 meetings with analysts and investors and shared with them our corporate strategy, operational performance and business outlook through the following events:

- Quarterly results briefings with analysts and investors, fronted by key management, with webinar facilities arranged for overseas investors;
- Investor meetings, conferences and roadshows held in Hong Kong, Tokyo, Kuala Lumpur, Singapore, Toronto and New York;
- Annual General Meeting (AGM)[2].

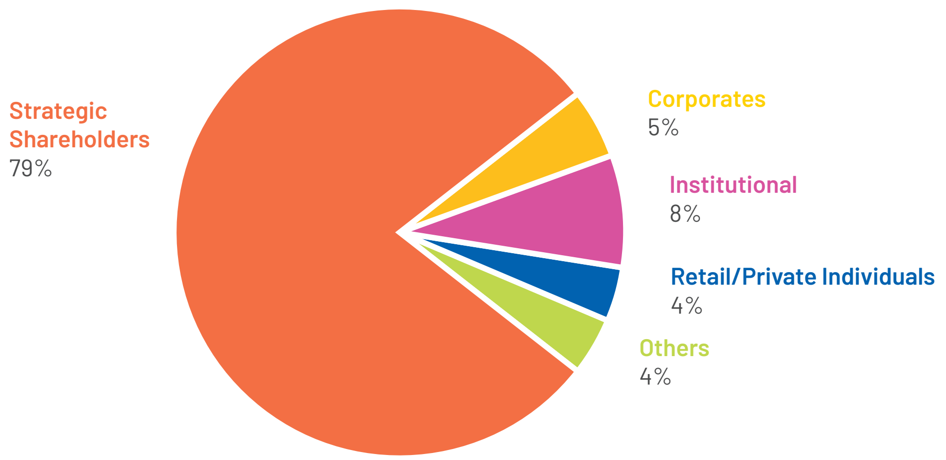
General information on HRnetGroup, such as annual reports, quarterly results, news releases, as well as our investor relations calendar of events, are available on our corporate website http://investor.hrnetgroup.com/.

All financial results, material news releases, dividends recommended or declared for payment, and other ad-hoc announcements are also available on SGXNET. Our website also contains contact details of our Investor Relations Team, so that investors may contact us directly to clarify any queries or to provide feedback.

Visit our investor relations website - investor.hrnetgroup.com and sign up to be part of the mailing list for our results announcements and also The GRIN Report.

OUR SHAREHOLDER BASE

HRNETGROUP SHAREHOLDERS AS AT 31 DECEMBER 2019



Source: HRnetGroup, Orient Capital

Note: Strategic Shareholders include SIMCO Global Limited which is controlled by the SIM Family, and the employees of the Company.

[2] For more information on the AGM, please refer to the Corporate Governance Section.

STAKEHOLDERS' REPORT

OUR DIVIDEND POLICY

Delivering stable and sustainable returns for our shareholders is a key objective when formulating and executing our business strategies. We adopt a disciplined and balanced approached when it comes to growth and maintaining balance sheet strength to ensure the resilience of our business through economic cycles.

We practise a payout ratio of 50% of net profits, after adjusting for one-offs and other exceptional items.

In 2019, we further enhanced our financial position, with a 6.4% year-on-year growth in net profits. To reward our shareholders for their support, we propose a dividend of 2.8 Singapore cents per ordinary share for 2019. This representing a payout of 50.6% of net profit after tax in 2019.

SELECTED INVESTMENT METRICS

	2018	2019
Share Price (S$)		
Highest	0.910	0.810
Lowest	0.705	0.560
Average	0.827	0.691
Closing	0.800	0.625
Market Capitalisation (S$ million)[a]	804.7	629.4
Enterprise Value (S$ million)[b]	534.8	377.9
Price-to-earnings ratio (x)[c]	17.3	13.5
EV / EBITDA ratio (x)	8.5	5.3
Dividend per share (Singapore cents)	2.8	2.8
Dividend yield (%)[a]	3.5	4.5
Payout ratio (%)	53.7	50.6
Total 1-year shareholder return (%)	7.6	-18.4
Basic EPS (Singapore cents)	4.77	5.13
Diluted EPS (Singapore cents)	4.76	5.11
Return on average ordinary shareholders' equity (%)	14.9	15.5

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

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

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

INVESTOR RELATIONS CONTACT INFORMATION

If you have any enquiries or would like to find out more about HRnetGroup, please contact:

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#32-01 Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6438 8710
Website: www.boardroomlimited.com

SOCIETY

WHAT THEY EXPECT?	HOW WE RESPONDED?	HOW WE ENGAGED THEM IN 2019
• Employment opportunities • Good corporate citizenship, contribute responsibly to society	• Offering jobs to local talent via hiring for our own business and staffing operations and through job placements for our clients • Giving back to society through corporate social responsibility ("CSR") programmes	• Recruitment platforms to attract talents and provide advice for candidates • CSR events in Singapore, Shanghai, Tokyo and Hong Kong

BUILDING CAPACITY IN THE LOCAL COMMUNITY

Our key markets are the Asian growth cities, where there is huge potential to increase employment opportunities for local workers. As these cities grow, they attract larger and more complex organisations, and correspondingly their need for talents. However, access to these roles can be a challenge for local talents due to various factors such as limited insight into companies, and inability to access one's suitability for the job scope.

We leverage on our expertise in identifying the skills and values required for a position, avenues to source for talents and connecting the suitable resource to the right job. When we successfully place a candidate into a role, we help the talent benefit by building his capacity and developing his skills and experience, whilst creating value for the organisation that employs him. This leads to job satisfaction for the individual involved and enhanced performance for the organisation.

Access to jobs with competitive salaries can alleviate poverty and reduce inequality. HRnetGroup is committed to assisting the local community in job seeking and capacity building through our recruitment activities.

Our flexible staffing brands, Recruit Express and RecruitFirst, help our clients fill both temporary and contract roles for junior to mid-level positions. We work with candidates across various educational levels and backgrounds and the types of roles we work on spans a wide range, including those that do not require special skills or tertiary education. These roles allow us to provide employment opportunities to candidates who face a higher degree of difficulty in finding a job. As at 31 December 2019, we have a monthly average of 11,929 contractor employees and we take on employer responsibilities for these individuals.

For our professional recruitment business, we have a well-developed process that facilitates smooth and efficient placements. With the job requirements we obtain from our clients, we kick-off the search process by gathering all relevant information for the role and industry, and sourcing for potential candidates. With our industry knowledge and expertise, we shortlist suitable candidates for our clients following a selection process with the candidates. Our recommendations are based on holistic assessments and considerations, including technical aspects such as competency, and soft aspects such as personality, taking into consideration educational qualifications and/or past job experiences. In 2019, we placed 8,530 candidates into mid to senior-level positions, which works out to about 1 placement per hour.

At HRnetGroup, we do not see our role as simply filling vacancies. We consider it our responsibility to enhance the employability of candidates. Our offerings include advising candidates on how to develop and improve their profiles and CVs, honing their interview skills and practising how to present themselves to increase the probability of winning employment. We also advise clients on the best ways to screen for suitable candidates and encourage good HR practices amongst our clients.

STAKEHOLDERS' REPORT

CORPORATE SOCIAL RESPONSIBILITY EVENTS

In the course of our daily work, we are blessed with the opportunity to empower the people we meet to make changes that will have a positive impact on their lives and those around them. It is what drives us and makes the work we do purposeful and meaningful.

With HRnetLoves, we set out to create a CSR program that is an extension of what we do daily BUT for the people whom we would not normally have had the opportunity to interact with. We focus on creating experiences that will allow us to make a difference to local communities. The objective is to help move them a little closer to living a better life via these outreach activities.

Singapore

In 2019, we worked with New Hope Community Services (NHCS). The good people at NHCS focus on helping and providing opportunities for the homeless and low-income families and individuals in Singapore.

The campaign kicked off with fund-raising activities. On the actual event day, we created a fun and interactive carnival for the beneficiaries. It included food carts, game stations, job fair booths and ration distribution. We also painted a section of the shelter at One Margaret Drive to spruce up the environment that will be used by the beneficiaries.

Shanghai

In Shanghai, we worked with our CSR partners — Shanghai United Foundation and Shanghai Sunflower Community to create an event for awareness, fundraising and interaction with the migrant children of Shanghai. These children come from second and third-tier cities in China and arrive in Shanghai with their parents who are looking for better opportunities there.

However, due to long working hours and harsh conditions, these children are often left to fend for themselves. They are found to be in unfortunate living environments and lack proper guidance, nutrition and education.

The Shanghai Sunflower Community provides support through a conducive learning environment. With this awareness in mind, our Shanghai team worked hard and raised RMB116,278 for the children. The funds will be used to provide them with learning materials, enrichment lessons and extracurricular activities.

Next up was putting together an event which allowed us to personally interact with the children. It was a simple activity that proved to be unexpectedly moving for both the children and for us. One of the activities we did was decorating plain white canvas backpacks with professions that they aspire to join when they grow up.

While we "helped" by adding a few strokes of colour, what made the whole exchange so meaningful were the conversations we had with them. We were able to share stories that added to their career aspirations and helped them dream BIG and see the possibilities of where their dreams could take them.

Tokyo

In Japan, the approach we took was a little different. While the focus was still on the local community, the team chose to focus on making the environment and shared spaces a little better through a beach clean-up initiative.

We worked with a non-profit organisation Umisakura and headed to an area called Fujisawa in Kanagawa prefecture. There, we spent half the day picking up trash and cleaning up the beach area which resulted in bags and bags of rubbish containing engine parts, huge plastic sheets, a fridge and everything else in between. The few hours that were spent on the beach was an eye-opener for everyone. The piles of trash collected was a visually arresting representation of the dire need to be more conscious of our actions and how they contribute to the state of the environment.

Apart from the beach clean up, the team also organised a mini donation drive to collect necessities such as flashlights and food items for distribution to the people affected by Typhoon Faxai.

GOVERNMENTS & REGULATORS

WHAT THEY EXPECT?	HOW WE RESPONDED?	HOW WE ENGAGED THEM IN 2019
• Highest standards of corporate governance and ethical behaviour • Taxes to governments • Supporting the development of local economies and industry	• Complying with applicable and current laws, regulations and policies • Maintaining sound risk management systems and processes • Providing regular compliance training for our people • Conducting regular internal and external audits	• Consultations with regulatory bodies • Annual Reports • Audit Reports

PROFESSIONAL ETHICS AND REGULATORY COMPLIANCE

Recruitment is a heavily regulated industry with the respective ministries of manpower enforcing regulations. Non-compliance can lead to us losing our licenses, costly fines and reputational damage, causing us to lose valuable trust from our stakeholders. Trust and reputation are critical assets of a HR business. We require all our employees to uphold themselves in a professional and responsible manner, worthy of the trust the company, clients and candidates place in them. This is why we have zero tolerance for non-compliance and we hold ourselves to high standards in this area.

In order to ensure compliance, we have weaved it into daily life and have a number of policies and processes in place:

- Employee Code of Conduct ("CoC") / Employee Handbook which set out expectations of employees in relation to fraud, bribery, segregation of duties and business ethics, including behaviour on public platforms such as social media
- A series of trainings for new employees on various critical topics such as insider trading, anti-corruption and anti-bribery, anti-money laundering, cyber security and whistle-blowing
- Clear policies and trainings on the protection of personal data
- E-CoC Self-Assessment – an annual online declaration to assess the employee's understanding and compliance with the CoC
- HR and Legal departments are responsible for assessing the impact on business and processes whenever a new or change of regulation is announced. Regular dialogue and training takes place at staff engagement platforms such as CSA & GQBR
- A whistle-blowing policy and channels for employees to report any suspicious and non-compliant practices
- Internal audit processes to monitor effectiveness of risk management, control and governance processes

Every year, one of our quarterly CSA events across all business units is dedicated to the topics of CoC. Staff are split into teams to deep dive into specific CoC topic assigned, then design and deliver the concepts and applications at the CSA.

We are pleased that there have been no incidents of non-compliance with laws and/or regulations resulting in significant fines over the last year and we expect to maintain this going forward.

SUSTAINABILITY

BOARD STATEMENT

HRnetGroup recognises that management of environmental, social and governance ("ESG") risks and opportunities is a key component of business management. It is for this reason that ESG concerns have been regularly taken into consideration during strategic decision making. Since our listing in 2017, HRnetGroup has been focused on formalising our management of these issues through a recognised materiality identification and prioritisation process, development of performance indicators to measure our progress and setting of targets to drive continuous improvement. As the Board, we are committed to supporting these various initiatives and we have empowered the HRnetGroup management team to drive this agenda.

The Board is ultimately responsible and provides oversight for the sustainability approach, performance, monitoring and reporting. On the Board, two of our Executive Directors are championing sustainability. Our Board champions are supported by the Sustainability Steering Committee ("SSC"), which comprise our senior management team tasked with developing sustainability objectives and strategies, keeping in view the Group's overall long-term plans and vision, setting relevant KPIs and targets, managing and monitoring overall sustainability performance and reporting to the Board. The SSC is in turn supported by the Sustainability Task Force ("STF"), which implements and executes actionable and measurable plans and initiatives across the organisation and monitors the results.

The Group looks forward to continue sharing its performance on its sustainability journey.

OVERVIEW

We aim to build working environments that last beyond a lifetime. Lasting organisations can only be so with the right talent in the right roles who can drive these companies towards sustainable success. Connecting the right people to the right roles is our forte.

To us, sustainability refers to the longevity of our clients', as well as our own businesses, which can only be achieved through due consideration of all the issues that may affect that longevity. ESG related risks and opportunities that can both impact our business and be impacted by our business must therefore, be part of our story.

The management of ESG related issues in our business is an integral component of our business model, which seeks to create value for our stakeholders in a sustainable manner, including addressing the concerns from investors, who understand that ESG risks and opportunities can affect our bottom line. The millenials, a critical subset of our candidate & employee pool, are demanding more from corporates and their employers than just a paycheck.

Several trends in the recruitment and Human Resource ("HR") sector also point towards a need to invest in sustainability related issues. For example, employees nowadays prefer more flexibility in their work and are tending towards shorter-term job roles. There is also a developing skills imbalance in job markets such as in technology and Artificial Intelligence (AI) and automation which is causing a shift in the demand for certain skills. Upskilling and reskilling are therefore important requirements. Furthermore, digitisation is transforming businesses and operational processes

and the HR industry is increasingly going digital. These trends lean towards a need for reassessment of various aspects of our business. It ranges from internal concerns such as assessment, training and education for our workforce, to external facing elements such as our methods of outreach to our clients and candidates, and helping to bridge the gap between employees and employers.

Being sustainable means addressing these social trends and keeping HRnetGroup relevant in the changing world, and maximising value creation for our stakeholders in the long run. We have identified the following areas as effective means to achieve our sustainability objectives:

1. Supporting the growth of new markets, such as technology, AI and digitisation, by supplying talents and skills where needed and as demand grows
2. Building capacity in local communities by increasing job seekers' access to job markets, via identifying their capabilities, values and skillsets and matching them to the right roles for long term job satisfaction
3. Cultivating and spurring our own talents on by making sure they have the relevant skills in changing environments and roles that keep them inspired and satisfied
4. Incentivising our staff through our Co-Ownership scheme to help drive accountability and leadership, and steer our company in the right direction
5. Encouraging a diverse, rich staff base, with a wide range of skills, experience and knowledge to allow us to remain agile and best respond to changing market needs
6. Practising responsible operations and being on top of regulatory requirements

ESG MATERIALITY ASSESSMENT

The sustainability landscape is wide, therefore, it is important to focus our efforts in the areas where we make the most impact. As our operations are predominately office-based, we focused on the social and governance impacts of our business as we believe we can make more material positive changes in those areas, taking into consideration where our business opportunities lie.

MATERIAL ESG FACTORS, IMPACTS AND BOUNDARIES

We are aware that the impacts of our activities can have effects both internally, that is within our business, and externally, that is across our entire value chain. We believe that we have influence over the resulting effects of our business and we strive to mitigate any negative impacts and encourage the positive ones.

SUSTAINABLE DEVELOPMENT GOALS

In September 2015, the UN launched its 17 Sustainable Development Goals ("SDG"). Countries have adopted these goals to end poverty, protect the planet to ensure prosperity for all by 2030.

At HRnetGroup, we aim to contribute to a sustainable future, both socially and economically, through facilitating the development of fair and efficient labour markets in the countries we operate in. We have therefore committed ourselves to the UN's SDGs, in particular with regard to promoting sustainable economic growth, decent work for all, and reducing inequalities.

SUSTAINABILITY

MATERIAL ESG FACTORS		GRI TOPICS	STAKEHOLDERS	IMPACT BOUNDARIES	REPORTING BOUNDARIES	DETAILS ON WHAT WE HAVE DONE
Economic	Business performance[1]	GRI 201-Economic Performance	• Investors • Employees	Internal and External	Internal	Page 14 - Letter to Shareholders Page 80 - Financial statements
	Enabling Market Growth	N/A	• Clients & Candidates • Society	Internal and External	Internal	Page 24 – What we do for our clients and candidates Page 35 – What we do for the society
Community	Building Capacity in the Local Community	GRI - 203 - Indirect economic impacts	• Clients & Candidates • Society	External	External	Page 24 – What we do for our clients and candidates Page 35 – What we do for the society
Social	Talent Retention, Development and Engagement	GRI 404 - Training and Education	• Employees	Internal	Internal	Page 27 – What we do for our employees
	Co-Ownership	N/A	• Employees	Internal	Internal	Page 27 – What we do for our employees
	Diversity and Equal Opportunity	GRI 405 - Diversity and Equal Opportunity	• Employees • Clients & Candidates • Society	Internal and External	Internal	Page 24 – What we do for our clients and candidates Page 27 – What we do for our employees Page 35 – What we do for the society
Governance	Professional Ethics and Regulatory Compliance	GRI 419 - Non-compliance with laws and regulations in the social and economic area	• Government & Regulators	Internal and External	Internal	Page 37 – What we do for the Governments and Regulators

[1] Please refer to Letter to Shareholders and the financial statements set out in the Annual Report 2019 for more information on the Group's economic performance for the financial year ended 31 December 2019.

KPIS	2019 ACHIEVEMENTS	2020 TARGETS	SDGS
-	-	-	
• Breaking in to new accounts • Client's length of stay with HRnetGroup • Number of market segments, specialisations	• Our top 5 clients have been with us for an average of 17 years • We have 22 industry specialisations	• Minimal account attrition • Maintain or increase the number of industry specialisations	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
• Number of monthly average of flexible staffing in FY2019 • Number of successful placements for professional recruitment in FY2019	• Monthly average of 11,929 contractor employees • 8,530 placements into mid to senior-level positions in 2019 which works out to almost 1 placement per hour	• Keep the number of contractor employees and successful placements for professional recruitment in FY2020 steady	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
• Average hours of training per year per employee	• 77 hours	• Maintain an average of at least 60 hours of training per year per employee	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
• Number of employees under the Co-Ownership Scheme (as at 31 December 2019) • % of employees under the Co-Ownership Scheme	• 254 Co-Owners • 27% of total permanent staff base	• Increase total number of Co-Owners to 30%	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
• Diversity of governance bodies and employees: percentage of individuals within the organisation's governance bodies by gender, age group, and other diversity categories; percentage of employees per employee category by gender, age group, and other diversity categories	• 75% of permanent staff are female • 33% of the Board are female	• At least 70% permanent staff to be female • Maintain current gender composition for Board of Directors	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
• Confirmed incidents of corruption • Non-compliance with laws and regulations resulting in significant fines and non-monetary sanctions	• Zero confirmed incidents of corruption • Zero incidents of non-compliance with laws and/or regulations resulting in significant fines and non-monetary sanctions	• Zero confirmed incidents of corruption • Zero incidents of non-compliance with laws and/or regulations resulting in significant fines and non-monetary sanctions	8 DECENT WORK AND ECONOMIC GROWTH

SUSTAINABILITY

GRI TOPICS STAKEHOLDERS		NOTES/PAGE NUMBER(S)
GENERAL DISCLOSURES		
Organisational Profile		
102-1	Name of the organisation	HRnetGroup Limited
102-2	Activities, brands, products, and services	Annual Report, page 2
102-3	Location of headquarters	Annual Report, page 34
102-4	Location of operations	Annual Report, page 4
102-5	Ownership and legal form	Annual Report, page 88
102-6	Markets served	Annual Report, page 4
102-7	Scale of the organisation	Annual Report, page 80 Our staff profile, page 28
102-8	Information on employees and other workers	Our staff profile, page 28
		There is no significant variation in employment numbers during the reporting period.
102-9	Supply chain	Supply chain is minimal and not significant to report on.
102-10	Significant changes to organisation and its supply chain	There is no significant change to the organisation and its supply chain during the reporting period.
102-11	Precautionary principle or approach	HRnetGroup does not specifically address the principles of the Precautionary approach.
102-12	External initiatives	Tripartite Alliance for Fair and Progressive Employment Practices
102-13	Membership of associations	Singapore Institute of Directors
Strategy		
102-14	Statement from senior decision-maker	Letter to Shareholders, page 14 Board Statement, page 38
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Sustainability at HRnetGroup, page 38
Governance		
102-18	Governance structure	Sustainability at HRnetGroup, page 38
Stakeholder Engagement		
102-40	List of stakeholder groups	Stakeholder Engagement, page 23
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	Stakeholder Engagement, page 23
102-43	Approach to stakeholder engagement	Stakeholder Engagement, page 23
102-44	Key topics and concerns raised	Stakeholder Engagement, page 23

GRI TOPICS STAKEHOLDERS		NOTES/PAGE NUMBER(S)
GENERAL DISCLOSURES		
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Annual Report, page 118
102-46	Defining report content and topic Boundaries	Our sustainability report has been prepared in line with the requirements of SGX-ST Listing Rules 711A and 711B, and in accordance with the Global Reporting Initiative ("GRI") Standards, "Core" option.
102-47	List of material topics	ESG Materiality Assessment, page 39
102-48	Restatements of information	None
102-49	Changes in reporting	None
102-50	Reporting period	1 January 2019 – 31 December 2019
102-51	Date of most recent report	2018
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	About this Report, page 34
102-54	Claims of reporting in accordance with GRI Standards	About this Report, pages 40-41
102-55	GRI content index	The GRI content index is laid out on pages 42-44
102-56	External assurance	Not applicable
MANAGEMENT APPROACH		
103-1	Explanation of the material topic and its boundary	Sustainability at HRnetGroup, page 38 ESG Materiality Assessment, page 39 A Market Leader with Deep Expertise, page 24 Building Capacity in the Local Community, page 35 Talent Development and Engagement, page 30 Co-Ownership, page 31 Diversity and Equal Opportunity, page 28 Professional Ethics and Regulatory Compliance, page 37
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
MATERIAL TOPICS		
Economic Performance		
201-1	Direct economic value generated and distributed	Annual report, page 80
203-2	Significant indirect economic impacts	A Market Leader with Deep Expertise, page 24 Building Capacity in the Local Community, page 35
Anti-corruption		
205-3	Confirmed incidents of corruption and actions taken	Professional Ethics and Regulatory Compliance, page 37

SUSTAINABILITY

GRI TOPICS STAKEHOLDERS		NOTES/PAGE NUMBER(S)
MATERIAL TOPICS		
Training and Education		
404-1	Average hours of training per year per employee	Talent Development and Engagement, page 30
Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	Diversity and Equal Opportunity, page 28
Local Community		
416-2	Operations with local community engagement, impact assessments, and development programs	Building Capacity in the Local Community, page 35
Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	Professional Ethics and Regulatory Compliance, page 37

CORPORATE GOVERNANCE REPORT

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

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

BOARD MATTERS

1. THE BOARD'S CONDUCT OF AFFAIRS

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

Provision 1.1

Board's Role

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

The Board's Conduct of Affairs

During FY2019, as was in the past years, in addition to carrying out its statutory responsibilities, the Board performed the following role:

(a) overseeing and approving the formulation of the Group's overall long-term strategic objectives and directions, as well as focus on value creation, innovation and sustainability.

(b) establishing and maintaining a sound risk management framework to effectively monitor and manage risks, and to achieve an appropriate balance between risks and Group's performance;

(c) overseeing and reviewing the management of the Group's business affairs and financial controls, performance and resource allocation, including ensuring that the required financial and human resources are available for the Group to meet its strategic objectives;

(d) instilling an ethical corporate culture and ensure that the Group's values, standards, policies and practices are consistent with the culture;

(e) ensuring transparency and accountability to key stakeholder groups;

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

(g) assuming the responsibilities for corporate governance.

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

Provision 1.2

Continuous Training and Development of the Directors

To ensure that the Directors keep pace with the regulatory changes that will have an important bearing on the obligations of Company or Directors, the Directors are updated on such changes in between or during Board meetings. The Directors are also encouraged to keep themselves abreast of the latest developments relevant to the Group and attendance of appropriate courses and seminars will be arranged and funded by the Company. In FY2019, the external auditors updated the Directors on the new or revised financial reporting standards on an annual basis. Regulatory releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority which are relevant to the Directors are circulated to the Board on a timely basis. They also received on a regular basis reading material on topical matters or subjects and regulatory updates and their implications.

Provision 1.3

Matters Requiring Board Approval

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

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

Provision 1.4

Delegation of Authority to Board Committees

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

Provision 1.5

Meetings of Board and Board Committees

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

The Board normally meets at least four times a year with additional meetings convened as and when necessary. However, following the amendments to the SGX-ST Listing Manual which have taken effect on 7 February 2020, the Company will not be required to release its unaudited financial statements on a quarterly basis and therefore, the Board, after due deliberation and taking into consideration the compliance efforts required in the quarterly reporting, decided to release its unaudited financial statements on a half yearly basis, with effect from 27 February 2020. Accordingly, the frequency of meetings will be changed from quarterly basis to half yearly basis.

Notwithstanding of the above, the Board may have informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing. Ad hoc meetings are also convened as and when they are deemed necessary.

During FY2019, the Company has held five Board Meetings.

Multiple Board Representations

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

The Directors had committed considerable time towards board meetings and board committee meetings held in FY2019 and adjusted their schedules to ensure participation in meetings for the deliberation of issues. The NC is of the view that the Directors have committed their time effectively to discharge their responsibility.

The frequency of meetings and the attendance of each Director at every Board and Board Committees meetings for FY2019 are disclosed in the table reflected below:

Type of Meetings	Board	AC	NC	RC	AGM
No. of Meetings Held	5	5	1	1	1
Name of Directors	**No. of Meetings Attended**				
Peter Sim	5	4*	1	1*	1
JS Sim	5	4*	–	–	1
Adeline Sim	5	5*	–	–	1
Sin Boon Ann	5	4	1	1	1
Mae Heng	5	5	1	1	1
NS Tan	5	5	1	1	1

* Attended by Invitation

Provision 1.6

Board's Access to Information

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

Provision 1.7

Board's Access to Management and Company Secretary

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

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

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

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

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

2. BOARD COMPOSITION AND GUIDANCE

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

Provisions 2.1, 2.2 and 2.3

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

The Board comprises six Directors of whom three are Executive Directors and three are Independent Non-Executive Directors, thus providing strong independent element on the Board, capable of open, constructive and robust debate on pertinent issues affecting the affairs and business of the Company and the Group. There is therefore no individual or small group of individuals who dominate the Board's decision-making. Their combined wealth and diversity of experience enable them to contribute effectively to the strategic growth and governance of the Group. With half of the Directors deemed to be independent, the Board is able to exercise independent and objective judgement on Board affairs.

Independent Directors

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

The independence of each Director is reviewed annually by the NC and the Board. Each Independent Director is required to complete a checklist annually to confirm his independence based on the guidelines as set out in the Code. Each of the Independent Directors also confirmed that they are independent and have no relationship identified in the Code except Sin Boon Ann who was 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 and retired as a consultant with the firm on 18 March 2018. Save for the fact that he remains a consultant of Drew & Napier LLC, Sin Boon Ann does not have any relationship with the Company, the related corporations (as defined in the Companies Act), the Company's substantial 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 judgement with a view to the best interests of the Company. During FY2019 and FY2018, the fees received by Drew & Napier LLC for such legal services were less than S$200,000.

As at the date of this report, Sin Boon Ann does not have any interest 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.

The NC, having considered the above and the declarations made by each of the Independent Directors in respect of their independence, is of the view that the current Board has an appropriate level of independence to enable it to make decisions in the best interest of the Company notwithstanding that Sin Boon Ann is a consultant to Drew & Napier LLC.

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

Provision 2.4

Composition and Size of the Board

The composition and size of the Board are reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making.

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

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

In accordance with the Code, the Company has formalised a Board Diversity Policy. In recognition of the importance and value of gender diversity in the composition of the Board, the Board has two female directors, representing 33.33% of total Board membership. The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide core competencies to allow for diverse and objective perspective on the Group's business and direction. Further information on the individual Director's background, experience and skills can be found in the Directors' Profiles set out on pages 9 to 11 of this Annual Report.

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

Name of Directors	Board	AC	NC	RC
Peter Sim	Founding Chairman Executive Director	–	Member	–
JS Sim	Executive Director	–	–	–
Adeline Sim	Executive Director	–	–	–
Sin Boon Ann	Lead Independent Director	Member	Chairman	Member
Mae Heng	Independent Director	Chairman	Member	Member
NS Tan	Independent Director	Member	Member	Chairman

Provision 2.5

Regular Meetings of Non-Executive Directors and Independent Directors

During the year, the Independent Non-Executive Directors on the Board, led by the Lead Independent Director or other Independent Director as appropriate, communicate among themselves without the presence of the Management as and when the need arises. They also communicate regularly to discuss matters related to the Group, including reviewing the performance of the Management in meeting agreed goals and objectives and monitoring the reporting of performance. The Chairman of such meetings provides feedback to the Board and/or Management as appropriate.

3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

Provisions 3.1 and 3.2

Roles and Responsibilities of Chairman & Executive Director

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

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

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

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

Provision 3.3

Lead Independent Director

Taking cognisance that the Board Chairman is an Executive Director and thus not independent, the Board has appointed Sin Boon Ann as the Lead Independent Non-Executive Director to serve as a sounding board for the Board Chairman and also an intermediary between the Independent Directors and the Board Chairman. He is also responsible for providing leadership in situations where the Chairman is conflicted and is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate and inadequate.

4. BOARD MEMBERSHIP

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

Provisions 4.1 and 4.2

NC Membership and Terms of Reference

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

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

During FY2019, the NC has held one scheduled meeting, which all members attended.

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

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

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

(h) review of succession plans for directors, in particular, for the Chairman and key management personnel;

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

(j) review and approve any new employment of persons related to the director(s) and substantial shareholder(s), and the proposed terms of their employment; and

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

NC Responsibilities

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

Pursuant to Article 94 of the Company's Constitution, Peter Sim and Mae Heng 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 and Mae Heng. In making the recommendation, the NC had considered the Directors' overall contribution and performance.

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

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

Alternate Directors

There are currently no alternate directors on the Board.

Provision 4.4

Determining Directors' Independence

Each Director completes a checklist to confirm his or her independence on an annual basis. The NC has reviewed the independence of the Directors as mentioned under Provision 2.1 above and is of the view that Sin Boon Ann, Mae Heng and NS Tan are independent based, inter alia, on the criteria given in the Listing Manual and the Code and their respective declarations.

Provisions 4.3 and 4.5

Process for the Selection and Appointment of New Directors

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

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

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

A formal letter is sent to newly-appointed Director upon his or her appointment stating his or her duties and obligations as director.

Key information on Directors

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

Name of Directors	Date of initial appointment	Date of last re-election	Current directorship in listed companies	Past directorship in listed companies (preceding three years)
Peter Sim	21 September 2016	27 April 2018	–	–
JS Sim	21 September 2016	26 April 2019	–	–
Adeline Sim	16 May 2017	27 April 2018	–	–

Name of Directors	Date of initial appointment	Date of last re-election	Current directorship in listed companies	Past directorship in listed companies (preceding three years)
Sin Boon Ann	16 May 2017	26 April 2019	• CSE Global Limited • Healthway Medical Corporation Limited • OUE Limited • Rex International Holding Limited • TIH Limited	• Datapulse Technology Limited
Mae Heng	16 May 2017	27 April 2018	• Apex Healthcare Berhad • Chuan Hup Holdings Limited • Grand Venture Technology Limited • Ossia International Limited	• Asiatravel.com Holdings Ltd • Pacific Star Development Limited
NS Tan	16 May 2017	27 April 2018	–	• Plastoform Holdings Limited • Serrano Limited

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

5. BOARD PERFORMANCE

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

Provisions 5.1 and 5.2

Board Performance

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

The NC is responsible for assessing the effectiveness of the Board as a whole, the Board Committees, and the contribution of Chairman and each individual director to the Board.

For FY2019, all Directors participated in the evaluation by providing feedback to the NC in completing the form of Board Assessment Checklist. To ensure confidentiality and frank assessment, the evaluation forms completed by Directors were submitted to the Company Secretary and the consolidated responses were presented to the NC for review and discussion. The NC has reported to the Board on its review of the Board's performance for the year.

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

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

Performance Criteria for Board Evaluation

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

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

Evaluation of Individual Directors

The NC assesses the individual Directors' performance, which takes into consideration factors such as commitment of time for meetings, level of participation and contribution at such meetings, the technical knowledge of the Directors, communication and interaction, knowledge of the Group's business and operations, etc.

For FY2019, the NC duly observed the aforesaid process and criteria and was satisfied with the results of the review. No external facilitator has been engaged to perform the Board assessment process. Where relevant and when the need arises, the NC will consider such an engagement.

REMUNERATION MATTERS

6. PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

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

Provisions 6.1, 6.2 and 6.3

Remuneration Committee and Terms of Reference

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

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

During FY2019, the RC has held one scheduled meeting, which all members attended.

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

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

(b) reviewing recommendations made by the GROW Committee with regards to the administration of the 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.

On annual basis, the RC reviews and approves the annual increments, variable bonus to be granted to the Executive Directors and key management personnel based on the Company's key performance indicator. Thereafter, RC's recommendations will be submitted for endorsement by the Board. Each RC member does not participate in discussions, and abstains from decision-making, in relation to any remuneration, compensation, options or any form of benefits to be granted to him or her. No director is involved in deciding his or her own remuneration, compensation or any form of benefits to be granted to him/her.

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

Provision 6.4

RC's Access to Advice on Remuneration Matters

The Board is ultimately accountable for all remuneration decisions. The members of the RC are familiar with executive compensation matters as they manage their own businesses, and/or have held or are holding other senior positions and directorships. The RC has access to expert advice regarding executive compensation matters, if required. The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2019.

7. LEVEL AND MIX OF REMUNERATION

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

Provisions 7.1 and 7.3

Remuneration of Executive Director and Key Management Personnel

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

In setting remuneration packages, the RC takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors and key management personnel. The Company also ensures that the remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

The Group has entered into fixed-term service agreements with the Executive Directors, namely Peter Sim, JS Sim and Adeline Sim. The service agreements are valid for an initial period of five years with effect from the date of admission of the Company to the Mainboard of the SGX-ST and thereafter 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, or in lieu of such notice, an amount equivalent to three months' salary based on Executive Directors' last drawn base salary.

For FY2019, the RC considered and approved the annual increments, variable bonus to be granted to the Executive Directors and the key management personnel based on the key performance indicators set out by the Company. Save for the share awards scheme disclosed in Provision 8.3, there were no long-term incentive schemes introduced by the Company in FY2019.

Contractual Provisions Protecting the Company's Interests

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

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

Provision 7.2

Remuneration of Non-Executive Directors

The Board has considered and approved the RC's proposal in respect of the Non-Executive Directors' fees for FY2020. The RC and the Board are of the view that the directors' fees are appropriate and not excessive taking into account factors such as their effort and time spent, responsibilities and level of contribution to the Board and Board Committees. Directors' fees are recommended by the Board for approval by the shareholders at the forthcoming annual general meeting of the Company.

The structure of the fees payable to the Non-Executive Directors of the Company for FY2020 is as follows:

Appointment	**Per Annum**
Board of Directors (Base fee)	S$45,000 (non-executive director only)
Audit Committee Chairman (Additional fee)	S$15,000
Lead Independent Director (Additional fee)	S$25,000

None of the members of the RC or any director is involved in deliberations in respect of any remuneration, compensation or any form of benefits to be granted to him or her.

8. DISCLOSURE ON REMUNERATION

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

Provisions 8.1 and 8.2

Remuneration Report

Details on the remuneration of Directors and key management personnel for FY2019 are presented in the following tables.

Remuneration of Directors

The table below shows the breakdown of the remuneration and fees of the Directors for FY2019. Shareholders' approval will be sought at the forthcoming annual general meeting for payment of fees for the financial year ending 31 December 2020.

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

The level and mix of remuneration paid or payable to the Directors and key management personnel for FY2019 are set out below in bands (in percentage terms):

Name of Directors	Salary (1) %	Bonus (2) %	Director's Fees %	Other Benefits %	Total Compensation %
DIRECTORS					
S$500,001 to S$750,000					
Peter Sim	99	–	–	1	100
S$250,001 to S$500,000					
JS Sim	100	–	–	–	100
Adeline Sim	71	21	–	8	100
Below S$250,000					
Sin Boon Ann	–	–	100	–	100
Mae Heng	–	–	100	–	100
NS Tan	–	–	100	–	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.

Remuneration of Key Management Personnel

The Group had only four key management personnel (who are not Directors or the CEO) in FY2019. The Company had not disclosed the exact remuneration paid to each key management personnel due to the sensitive and confidential nature of such remuneration matters and to ensure the Company's competitive advantage in the retention of such personnel.

The details of the remuneration paid to the four key management personnel of the Company during FY2019 are set out below in bands (in percentage terms):

Name of Key Management Personnel	Salary (1) %	Bonus (2) %	Other Benefits %	Total Compensation %
KEY MANAGEMENT PERSONNEL				
S$750,001 to S$1,000,000				
Lorencz Tay Yuh Shiuan	35	63	2	100
S$500,001 to S$750,000				
Madeline Wan Poh Cheng	34	65	1	100
S$250,001 to S$500,000				
Jennifer Kang Ah Eng	76	21	3	100
Daisy Tan	83	10	7	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.

The aggregate remuneration paid to the top four key management personnel of the Group (who are not directors or CEO) in FY2019 amounted to S$2.3million.

In FY2019, other than as disclosed, none of the employees who are substantial shareholders or are immediate family members of a director or a substantial shareholder of the Company were remunerated in excess of S$100,000.

In FY2019, Aviel Sim and Joshua Sim, who are related to the executive directors of the Company, received remuneration not exceeding S$100,000. As at the date of this report, Jocelyn Ho, Senior HR Business Partner of SearchAsia Consulting Pte Ltd (subsidiary of the Group) is an immediate family member by virtue of her marriage to Joshua Sim.

Provision 8.3

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

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 123GROW 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 commenced after the listing on 16 June 2017.

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 were granted under the Opp 1 Plan and Opp 2 Plan on 19 June 2017. On 1 July 2019, 944,900 shares were granted under HRnet GROW Plan. More details of 123GROW Plan can be found on pages 74 and 75, in the "Directors' Statement" of this Annual Report.

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

9. RISK MANAGEMENT AND INTERNAL CONTROLS

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

Provision 9.1

Risk Management and Internal Control Systems

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

The Group, in consultation with the internal auditors, has implemented the Enterprise Risk Management ("ERM") framework which lays out the governing policies and procedures and complies with recommendation of the Code. The ERM framework is benchmarked against the Committee of Sponsoring Organisations of the Treadway Commission (i.e. "COSO Model") which is designed to manage the Group's risks and its internal control systems, so as to provide reasonable but not absolute assurance that assets are safeguarded, proper accounting records are maintained, operational controls are adequate and business risks are suitably managed. The Board oversees the Management in the design, implementation and monitoring of the risk management and internal control systems, and reviews the adequacy and effectiveness of such systems at least annually.

Risk Committee

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

Provision 9.2

Adequacy and Effectiveness of Risk Management and Internal Control Systems

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

During the year, the AC also reviewed the reports submitted by the internal auditors relating to the effectiveness of the Group's internal controls, including adequacy of the Group's financial, operational compliance and information technology controls. In addition, the Group evaluates its risk exposures based on the likelihood and impact of each risk identified. Any material non-compliance or lapses in internal controls, together with recommendations for improvement, are reported to the AC and the Board. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

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

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

The Board has received assurance from the Chairman and the Chief Financial Officer (a) that the financial records have been properly maintained and the financial statements for FY2019 give a true and fair view of the Company's operations and finances, and (b) regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

Based on the assurance from the Chairman and Chief Financial Officer referred to in the preceding paragraph, the various internal controls put in place by the Group, the work performed and reports submitted by the internal auditors of the Group and the reviews carried out by the Board and the AC, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal control systems of the Group, addressing financial, operational, compliance and information technology controls, were adequate and effective as at 31 December 2019.

10. AUDIT COMMITTEE

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

Provision 10.2

Membership

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

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

During FY2019, the AC has held five scheduled meetings, which all members attended, save for the meeting on 13 March 2019, which Sin Boon Ann did not attend due to prior engagement.

Expertise of AC Members

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

Provision 10.3

Partners and Directors of the Company's Auditing Firm

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

Provision 10.1

Roles, Responsibilities and Authorities of AC

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

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

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

(c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;

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

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

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

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

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

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

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

(k) review any interested person transactions as defined in the Listing Manual of SGX-ST;

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

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

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

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

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

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

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

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

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

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

During FY2019, the AC reviewed the financial results announcements of the Company on a quarterly basis before their submission to the Board for approval. In the process, the AC reviews the key areas of management judgement applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have an impact on the Group's financial performance. The AC also reviewed all Interested Person Transactions as well as the use of IPO proceeds.

The AC had reviewed the external auditor's audit memorandum for FY2019 and with the auditors' proposed significant areas of focus and assumptions that impact the financial statements before an audit commences. In its review of the financial statements of the Group for FY2019, the external auditors had discussed with Management together with the AC, the accounting principles that were applied and their judgement of items that could affect the integrity of the financial statements and also considered clarity of key disclosures in the financial statements. The AC also reviewed and addressed, amongst other matters, the key audit matters as reported by the external auditors for FY2019. The key audit matters can be found on page 77 of this Annual Report.

AC to Keep Abreast of Changes to Accounting Standards

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

Independence of External Auditors

The AC has reviewed the independence and objectivity of the external auditors through discussions with the external auditors and an annual review of the nature, extent and charges of non-audit services provided by the external auditors and the AC was of the view that the non-audit services provided by the external auditors in FY2019 did not prejudice their objectivity and independence.

The fees paid or payable to the external auditors in FY2019 for audit and non-audit services amounted to S$360,000 and S$197,000, respectively.

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

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

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

Whistle-blowing Policy

The Group has implemented a whistle-blowing policy. The policy aims to provide an avenue for employees and external parties to raise concerns about misconduct or improprieties in the Group and to assure them that they will be protected from victimisation for whistle-blowing in good faith, whistle-blowers may report directly to the Chairman of the AC.

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

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

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

There were no reported incident pertaining to whistle-blowing during FY2019 and until to date of this Annual Report.

Provision 10.4

Internal Audit

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

The Company outsources the internal audit function to an external professional firm to perform the internal audit function, review and test of controls of the Group's processes. The AC approves the appointment, removal, evaluation and compensation of the internal auditors. The internal auditors report directly to the chairman of the AC and has full access to the Company's documents, records, properties and personnel.

In FY2019, the Board engaged Ernst & Young Advisory Pte Ltd as its internal auditors to review the pre-selected areas of the operations of the Group. The AC, having considered, amongst others, the reputation and track record of Ernst & Young Advisory Pte Ltd and the qualifications, experience and availability of resources and independence of the team at Ernst & Young Advisory Pte Ltd, is satisfied that the appointment of Ernst & Young Advisory Pte Ltd as the Group's internal auditors is appropriate.

Internal Audit Function

The internal auditor function plans its internal audit schedules in consultation with, but independent of, the Management. The internal auditors, Ernst & Young Advisory Pte Ltd, is staffed with professionals with relevant qualification and experience. The internal audit plan, the scope of audit examination and the internal audit budget are submitted to the AC for approval prior to the commencement of the internal audit. The internal audit is carried out in accordance with the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC annually reviews the activities of the internal auditors, including overseeing and monitoring the implementation of improvements required on internal control weaknesses identified.

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

Provision 10.5

Meeting with External and Internal Auditors

During FY2019, the Group's external and internal auditors were invited to attend the AC meetings and make presentations as appropriate. The AC meets with the external and internal auditors without the presence of the Management, at least annually.

SHAREHOLERS RIGHTS AND ENGAGEMENT

11. SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

Provisions 11.1 and 11.4

Conduct of General Meetings

All shareholders of the Company will receive the notice of the annual general meeting and the annual report will be available for download from the Company's website and SGXNET. The 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.

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

All resolutions at general meetings are voted by poll so as to better reflect the shareholders' interests and ensure greater transparency. The Company adopts an electronic poll voting system to register the votes of shareholders who attend the general meetings. The Company appoints an independent external party as scrutineer for the electronic poll voting process.

Prior to each general meeting, the scrutineer will review the proxies and the electronic poll voting system to ensure that the information is compiled correctly. The scrutineer also attends the general meetings to ensure that the polling process is properly carried out. The rules, including the voting process, will be explained by the polling agents at such general meetings. Votes cast, for or against and the respective percentages, on each resolution are tallied and displayed 'live' on-screen to shareholders at the general meetings. The total number of votes cast 'for' or 'against' the resolutions and the respective percentages are also announced on SGXNET after the general meetings.

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

Provision 11.2

Separate Resolutions at General Meeting

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

Provision 11.3

Interaction with Shareholders

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

The attendance of Directors is set out on page 47 of this annual report.

Provision 11.5

Minutes of General Meetings

Minutes of general meetings, including relevant substantial comments or queries from shareholders relating to the agenda of the meeting and responses from the Board or the Management, are available to shareholders upon their request.

Provision 11.6

Dividend Policy

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

(a) the Company's financial position, results of operations and cash flow;

(b) the ability of the subsidiaries to make dividend payments to the Company;

(c) the expected working capital requirements to support the Group's future growth;

(d) the ability to successfully implement the Group's future plans and business strategies;

(e) the passage of new laws, adoption of new regulations or changes to, or in the interpretation or implementation of, existing laws and regulations governing the operations;

(f) general economic conditions and other factors specific to the industry or specific projects; and

(g) any other factors deemed relevant by the directors at the material time.

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

The proposed dividend payout for FY2019 would constitute approximately 50.6% of net profit after tax in FY2019, subject to shareholders' approval at the forthcoming annual general meeting.

12. ENGAGEMENT WITH SHAREHOLDERS

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

Provisions 12.1, 12.2 and 12.3

Communication with Shareholders

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

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

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

Investor Relation Policy

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

The Investor Relations Policy is set out on pages 32 and 33 of this Annual Report.

13. ENGAGEMENT WITH STAKEHOLDERS

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

Provisions 13.1 and 13.2

Relationship with Stakeholders

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

The Stakeholders' Report is set out on pages 23 to 37 of this Annual Report.

Provision 13.3

Communications with stakeholders

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

CORPORATE GOVERNANCE REPORT

OTHER CORPORATE GOVERNANCE MATTERS

DEALINGS IN SECURITIES OF THE COMPANY

In compliance with Rule 1207(19) the Listing Manual on dealings in securities, Directors and employees of the Company are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company shall not deal in and prohibits dealings in its shares by its Directors, officers and employees during the period commencing 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.

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

MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, there are no material contracts of the Group involving the interests of a Director or controlling shareholder, either still subsisting at the end of FY2019 or if not then subsisting, entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS

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

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

Name of Interested Person and Transactions	Aggregate value of all interested person transactions in FY2019 (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted in FY2019 under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000 [(2)]
RecruitFirst Limited [(1)]		
(a) Working capital loan	1,731	N.A.
(b) Provision of Management Services	177	N.A.
(c) Provision of Recruitment Services	26	N.A.

Notes:

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

(2) The Group did not obtain a shareholders' mandate under Rule 920 of the Listing Manual.

CORPORATE GOVERNANCE REPORT

USE OF IPO PROCEEDS

Pursuant to the Company's IPO, the Company received gross proceeds from the IPO of approximately S$174.1 million, the utilisation of which as of 31 December 2019 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 financial assets mandatorily measured at FVTPL	28.6
Purchase of financial assets designated at FVTPL	6.3
Purchase of financial assets designated at FVTOCI	63.4
Acquisition and investment in subsidiaries	4.0
Start-up of subsidiaries	6.5
	117.9

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

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

Peter Sim and Mae Heng are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 6 May 2020 under Ordinary Resolutions 4 and 5 respectively set out in the notice of annual general meeting dated 16 April 2020 (collectively, the “Retiring Directors” and each a “Retiring Director”).

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

Name of Directors	Peter Sim	Mae Heng
Date of first appointment	21 September 2016	16 May 2017
Date of last re-appointment	27 April 2018	27 April 2018
Age	66	49
Country of principal residence	Singapore	Singapore
The Board’s comments on re-appointment	Peter Sim as the Founding Chairman has in-depth knowledge and business experience on the Group’s operation. His leadership will continue to enhance Board deliberations and set the direction of growth for the Group. The Nominating Committee and Board recommend the re-appointment of Peter Sim as an Executive Director of the Company.	Mae Heng’s extensive knowledge on financial and regulatory matters will provide greater balance and diversity of skills, experience and knowledge that contribute towards the core competencies of the Board. The Nominating Committee and Board recommend the re-appointment of Mae Heng as a Independent Non-Executive Director of the Company.
Whether the appointment is executive, and if so, the area of responsibility	Executive. Peter Sim is the Founding Chairman of the Group. His areas of responsibility include, but are not limited to, providing leadership to the Board, and managing the overall operations and resources of the Group.	Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Founding Chairman and Executive Director • Member of Nominating Committee	• Independent Non-Executive Director • Chairman of the Audit Committee • Member of Nominating Committee • Member of Remuneration Committee
Professional qualifications	Bachelor of Arts from the University of Singapore	• Bachelor of Accountancy from Nanyang Technological University, Singapore • Fellow Chartered Accountant with the Institute of Singapore Chartered Accountants
Working experience and occupation(s) during the past 10 years	Founded HRnetOne which is the first entity of our Group in 1992.	Over 17 years of experience in audit, corporate finance and business advisory environment with Ernst & Young Singapore
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest in shares: 753,025,600	Nil

Name of Directors	Peter Sim	Mae Heng
Any relationship (including immediate family relationships) with any existing director, existing executive director, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Peter Sim is brother of JS Sim, Executive Director, Father of Adeline Sim, Executive Director of the Company and Aviel Sim.	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments including Directorships		
Past (for the last 5 years)	No	• Asiatravel.com Holdings Limited • Pacific Star Development Limited
Present	• HRnetGroup Limited and its subsidiaries • Persimmons Investment Holdings Pte. Ltd. • SIMCO Ltd	• HRnetGroup Limited • Apex Healthcare Berhad • Chuan Hup Holdings Limited • Grand Venture Technology Limited • Ossia International Limited • Drew & Lee Holdings (Private) Limited • Drew & Lee Investment (Private) Limited • Drew & Lee Land Pte. Ltd.
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No

CORPORATE GOVERNANCE REPORT

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

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

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2019.

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 80 to 132 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 2019, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debt when they fall due.

1. Directors

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

Sim Yong Siang
Sim Joo Siang
Sim Wei Ling, Adeline
Sin Boon Ann
Heng Su-Ling Mae
Tan Ngiap Siew

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

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the Bonus Shares and GROW 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 year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter 50 except as follows:

Name of directors and companies in which interests are held	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
The Company (Ordinary shares)				
Sim Yong Siang	–	–	753,025,600 [1]	753,025,600 [1]
Sim Joo Siang	–	–	753,025,600 [1]	753,025,600 [1]
Sim Wei Ling, Adeline	350,800	445,200	753,025,600 [1]	753,025,600 [1]
Tan Ngiap Siew	65,000	65,000	–	–
The ultimate holding company SIMCO Global Limited (Ordinary shares)				
Sim Yong Siang	–	–	2 [1]	2 [1]
Sim Joo Siang	–	–	2 [1]	2 [1]
Sim Wei Ling, Adeline	–	–	2 [1]	2 [1]
The immediate holding company SIMCO Limited (Ordinary shares)				
Sim Yong Siang	–	–	100 [1]	100 [1]
Sim Joo Siang	–	–	100 [1]	100 [1]
Sim Wei Ling, Adeline	–	–	100 [1]	100 [1]

Notes:

(1) The directors' deemed interest in SIMCO Global Limited is through SIMCO Trust. SIMCO Trust is controlled by Mr Sim Joo Siang, Mr Sim Yong Siang and his spouse and the discretionary beneficiaries comprise Mr Sim Yong Siang and his spouse, Mr Sim Joo Siang and his spouse and Ms Sim Wei Ling, Adeline among other beneficial owners.

By virtue of section 7 of the Singapore Companies Act, Mr Sim Yong Siang, Mr Sim Joo Siang and Ms Sim Wei Ling, Adeline are deemed to have an interest in all the related corporations of the Company.

The directors' interests in the shares of the Company at 21 January 2020 were the same at 31 December 2019.

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 commenced 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 commenced after the listing on 16 June 2017.

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

Sim Yong Siang
Sim Joo Siang
Sim Wei Ling, Adeline

The participants of Opp 1 Plan and Opp 2 Plan, who are director 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 were granted under the Opp 1 Plan and Opp 2 Plan on 19 June 2017, of which 422,300 Bonus Shares were forfeited in 2019 (2018 : 492,800).

Details of the movement in the Bonus Shares vested and forfeited under Opp 1 Plan and Opp 2 Plan during the financial year were as follows:

	Balance as at 1 January 2019	Vested	Forfeited	Balance as at 31 December 2019
	No. of shares	No. of shares	No. of shares	No. of shares
Opp 1 Plan				
Tranche 1	–	–	–	–
Tranche 2	1,558,900	(1,424,400)	(134,500)	–
Tranche 3	1,558,100	–	(197,300)	1,360,800
Subtotal	3,117,000	(1,424,400)	(331,800)	1,360,800
Opp 2 Plan				
Tranche 1	–	–	–	–
Tranche 2	385,100	(362,700)	(22,400)	–
Tranche 3	385,200	–	(68,100)	317,100
Subtotal	770,300	(362,700)	(90,500)	317,100
Total	3,887,300	(1,787,100)	(422,300)	1,677,900

4. 123GROW Plan (cont'd)

On 1 July 2019, the GROW Shares are granted to eligible employees. GROW Shares will be allotted and issued on 1 July 2020 when all vesting conditions are met. The aggregate number of GROW Shares to be finally awarded to the participants will be based on the achievement of certain predetermined performance targets as determined by the GROW committee or otherwise in accordance with the rules of the HRnet GROW Plan.

Awards comprising an aggregate of 944,900 GROW Shares were granted under the HRnet GROW Plan on 1 July 2019, of which 94,400 GROW Shares were forfeited in 2019. Eligible employees who achieve certain predetermined performance targets are entitled to additional shares, termed as "multiplier shares".

Details of the movement in the GROW Shares granted and forfeited during the financial year were as follows:

	Balance as at 1 January 2019	Granted on 1 July 2019	Multiplier shares	Forfeited	Balance as at 31 December 2019
	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
HRnet GROW Plan	–	944,900	370,500	(94,400)	1,221,000

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

Name of director	Balance as at 1 January 2019 No. of shares	Vested No. of shares	Forfeited No. of shares	Balance as at 31 December 2019 No. of shares
Opp 1 Plan				
Sim Wei Ling, Adeline	73,100	(36,600)	–	36,500
Opp 2 Plan				
Sim Wei Ling, Adeline	15,700	(7,800)	–	7,900
Total	88,800	(44,400)	–	44,400

Other than Ms Sim Wei Ling, Adeline (who is an associate of a controlling shareholder of the Company), there are no participants under the 123GROW 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 year.

At the end of the financial year, 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 Ms Heng Su-Ling Mae, an independent director, and includes Mr Sin Boon Ann and Mr Tan Ngiap Siew who are also independent directors. The Audit Committee has met 5 times during the year 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

5. Audit Committee (cont'd)

(c) The audit plans and results of the external auditors;

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

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

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

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

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

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

6. Auditors

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

ON BEHALF OF THE DIRECTORS

Sim Yong Siang

Sim Joo Siang

13 March 2020

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 2019 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 80 to 132.

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 Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	**How the matter was addressed in the audit**
Revenue recognition for professional recruitment and flexible staffing The Group recognised professional recruitment and flexible staffing revenue of $96 million and $324 million respectively for the year ended 31 December 2019. Revenue from professional recruitment is recognised at a point in time the permanent placement candidate signs the employment contract or commences full-time employment, depending on the terms of the contract. There is a risk that professional recruitment revenue is recognised for placements that did not occur. In addition, if the placement is not taken up by the candidate as agreed, it could result in the reversal of previously recorded revenue. There is also a risk that revenue recognition may occur before revenue recognition criteria are met, resulting in revenue being recognised in the incorrect period. Revenue for flexible staffing is recognised over time as the customer simultaneously receives and consumes the services the company provides. There is a risk that flexible staffing revenue may be recognised prior to or after the contractor employee provides the service, resulting in revenue being recognised in the incorrect period.	Our procedures in relation to this key audit matter on revenue recognition included: ● Obtained an understanding of the revenue processes, evaluated the design and implementation and tested the operating effectiveness of relevant controls relating to revenue recognition and measurement of revenue. ● Performed test of details on a sample of professional recruitment revenue to verify that the entity has satisfied the performance obligation demonstrated by the right to payment, evidenced by the candidate's commencement of work or signed letter of appointment, as indicated in the Terms of Service. ● 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 was in the current year; and (2) for flexible staffing revenue, verified that the approved timesheet relates to days worked in the current year.

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 SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's 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 or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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.

Public Accountants and
Chartered Accountants
Singapore

13 March 2020

STATEMENTS OF FINANCIAL POSITION

For the financial year ended 31 December 2019

	Note	Group 2019	Group 2018	Company 2019	Company 2018
		$'000	$'000 (Restated)	$'000	$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	266,162	281,810	76,076	136,237
Trade receivables	7	74,693	81,266	–	–
Other receivables and prepayments	8	6,922	5,896	97,464	73,564
Other financial assets	9	8,555	16,078	8,555	16,050
Total current assets		356,332	385,050	182,095	225,851
Non-current assets					
Pledged deposits	6	1,003	841	–	–
Plant and equipment	10	1,558	1,559	–	–
Right-of-use assets	11	14,144	–	–	–
Other intangible assets	12	1,501	1,600	–	–
Goodwill	13	5,185	5,185	–	–
Subsidiaries	14	–	–	48,427	48,427
Other financial assets	9	38,733	12,197	38,115	11,697
Deferred tax assets	15	808	905	–	–
Total non-current assets		62,932	22,287	86,542	60,124
Total assets		419,264	407,337	268,637	285,975
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	16	6,034	6,486	–	–
Other payables and accruals	17	39,071	39,296	83	235
Lease liabilities	18	7,470	–	–	–
Deferred considerations	33	2,954	2,281	–	–
Income tax payable		9,984	10,703	1,099	317
Total current liabilities		65,513	58,766	1,182	552
Non-current liabilities					
Deferred tax liabilities	15	349	366	–	–
Lease liabilities	18	6,794	–	–	–
Deferred considerations	33	–	2,955	–	–
Total non-current liabilities		7,143	3,321	–	–

See accompanying notes to the financial statements.

STATEMENTS OF FINANCIAL POSITION

For the financial year ended 31 December 2019

	Note	Group		Company	
		2019	2018	2019	2018
		$'000	$'000 (Restated)	$'000	$'000
Capital, reserves and non-controlling interests					
Share capital	19	260,605	260,605	260,605	260,605
Treasury shares	19	(3,631)	(4,903)	(3,631)	(4,903)
Equity reserve	20	(47,204)	(47,563)	(437)	(437)
Share-based payment reserve	21	1,758	2,137	1,758	2,137
Investments revaluation reserve	22	(25,241)	–	(25,241)	–
Translation reserve	23	(240)	29	–	–
Retained earnings		145,961	122,981	34,401	28,021
Equity attributable to owners of the Company		332,008	333,286	267,455	285,423
Non-controlling interests		14,600	11,964	–	–
Total equity		346,608	345,250	267,455	285,423
Total liabilities and equity		419,264	407,337	268,637	285,975

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000 (Restated)
Revenue	24	423,081	428,490
Sub-contractor expenses		(277,523)	(273,193)
Gross profit		145,558	155,297
Other income	25	17,686	6,787
Selling, general, administrative and other expenses:			
Other employee benefit expenses		(73,598)	(76,861)
Facilities and depreciation expenses		(12,102)	(11,107)
Selling expenses		(4,671)	(5,599)
Other expenses		(4,167)	(3,350)
Finance costs		(334)	–
Profit before income tax		68,372	65,167
Income tax expense	26	(12,596)	(12,745)
Profit for the year	27	55,776	52,422
Other comprehensive loss:			
Items that will not be reclassified subsequently to profit or loss			
Net fair value loss on investments in equity instruments designated at FVTOCI		(25,241)	–
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(335)	(11)
Other comprehensive loss for the year, net of tax		(25,576)	(11)
Total comprehensive income for the year		30,200	52,411
Profit attributable to:			
Owners of the Company		51,604	48,178
Non-controlling interests		4,172	4,244
		55,776	52,422
Total comprehensive income attributable to:			
Owners of the Company		26,094	48,250
Non-controlling interests		4,106	4,161
		30,200	52,411
Basic earnings per share (cents)	28	5.13	4.77
Diluted earnings per share (cents)	28	5.11	4.76

See accompanying notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

Group	Note	Share capital	Treasury shares	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	$'000
Balance as at 1 January 2018		260,605	–	(47,534)	1,437	(43)	98,025	312,490	8,279	320,769
Total comprehensive income (loss) for the year										
Profit for the year		–	–	–	–	–	48,178	48,178	4,244	52,422
Other comprehensive income (loss) for the year		–	–	–	–	146	–	146	(83)	63
Prior year adjustments	34	–	–	–	–	(74)	–	(74)	–	(74)
Total (restated)		–	–	–	–	72	48,178	48,250	4,161	52,411
Transactions with owners, recognised directly in equity										
Dividends	29	–	–	–	–	–	(23,262)	(23,262)	–	(23,262)
Dividends paid to non-controlling shareholders		–	–	–	–	–	–	–	(1,524)	(1,524)
Purchase of treasury shares	19	–	(6,633)	–	–	–	–	(6,633)	–	(6,633)
Treasury shares reissued pursuant to Bonus Shares vested under 123GROW Plan	19	–	1,730	–	(1,730)	–	–	–	–	–
Recognition of share-based payment	21	–	–	–	2,430	–	–	2,430	–	2,430
Change in ownership interests in subsidiaries	14	–	–	(20)	–	–	–	(20)	111	91
Non-controlling interests arising from acquisitions and incorporation of subsidiaries		–	–	–	–	–	–	–	468	468
Liquidation of a subsidiary		–	–	(9)	–	–	40	31	(31)	–
		–	(4,903)	(29)	700	–	(23,222)	(27,454)	(976)	(28,430)
Prior year adjustments	34	–	–	–	–	–	–	–	500	500
Total (restated)		–	(4,903)	(29)	700	–	(23,222)	(27,454)	(476)	(27,930)
Balance as at 31 December 2018 (restated)		260,605	(4,903)	(47,563)	2,137	29	122,981	333,286	11,964	345,250

See accompanying notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

Group	Note	Share capital	Treasury shares	Equity reserve	Share-based payment reserve	Investments revaluation 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	$'000	$'000
Balance as at 1 January 2019 (restated)		260,605	(4,903)	(47,563)	2,137	–	29	122,981	333,286	11,964	345,250
Total comprehensive income (loss) for the year											
Profit for the year		–	–	–	–	–	–	51,604	51,604	4,172	55,776
Other comprehensive loss for the year		–	–	–	–	(25,241)	(269)	–	(25,510)	(66)	(25,576)
Total		–	–	–	–	(25,241)	(269)	51,604	26,094	4,106	30,200
Transactions with owners, recognised directly in equity											
Dividends	29	–	–	–	–	–	–	(28,163)	(28,163)	–	(28,163)
Dividends paid to non-controlling shareholders		–	–	–	–	–	–	–	–	(2,334)	(2,334)
Purchase of treasury shares	19	–	(331)	–	–	–	–	–	(331)	–	(331)
Treasury shares reissued pursuant to Bonus Shares vested under 123GROW Plan	19	–	1,569	–	(1,569)	–	–	–	–	–	–
Treasury shares reissued in connection with Rimbun's deferred consideration		–	34	–	–	–	–	–	34	–	34
Recognition of share-based payment	21	–	–	–	1,190	–	–	–	1,190	–	1,190
Change in ownership interests in subsidiaries	14	–	–	1	–	–	–	(103)	(102)	(183)	(285)
Capital contribution by non-controlling shareholders		–	–	–	–	–	–	–	–	1,047	1,047
Liquidation of a subsidiary		–	–	358	–	–	–	(358)	–	–	–
Total		–	1,272	359	(379)	–	–	(28,624)	(27,372)	(1,470)	(28,842)
Balance as at 31 December 2019		260,605	(3,631)	(47,204)	1,758	(25,241)	(240)	145,961	332,008	14,600	346,608

See accompanying notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

Company	Note	Share capital	Treasury shares	Equity reserve	Share-based payment reserve	Retained earnings	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 January 2018		260,605	–	(437)	1,437	23,264	284,869
Total comprehensive income for the year							
Profit for the year		–	–	–	–	28,019	28,019
Total		–	–	–	–	28,019	28,019
Transactions with owners, recognised directly in equity							
Dividends	29	–	–	–	–	(23,262)	(23,262)
Purchase of treasury shares	19	–	(6,633)	–	–	–	(6,633)
Treasury shares reissued pursuant to Bonus Shares vested under 123GROW Plan	19	–	1,730	–	(1,730)	–	–
Recognition of share-based payment	21	–	–	–	2,430	–	2,430
Total		–	(4,903)	–	700	(23,262)	(27,465)
Balance as at 31 December 2018		260,605	(4,903)	(437)	2,137	28,021	285,423

Company	Note	Share capital	Treasury shares	Equity reserve	Share-based payment reserve	Investments revaluation reserve	Retained earnings	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 January 2019		260,605	(4,903)	(437)	2,137	–	28,021	285,423
Total comprehensive income (loss) for the year								
Profit for the year		–	–	–	–	–	34,543	34,543
Other comprehensive loss for the year		–	–	–	–	(25,241)	–	(25,241)
Total		–	–	–	–	(25,241)	34,543	9,302
Transactions with owners, recognised directly in equity								
Dividends	29	–	–	–	–	–	(28,163)	(28,163)
Purchase of treasury shares	19	–	(331)	–	–	–	–	(331)
Treasury shares reissued pursuant to Bonus Shares vested under 123GROW Plan	19	–	1,569	–	(1,569)	–	–	–
Treasury shares reissued in connection with Rimbun's deferred consideration		–	34	–	–	–	–	34
Recognition of share-based payment	21	–	–	–	1,190	–	–	1,190
Total		–	1,272	–	(379)	–	(28,163)	(27,270)
Balance as at 31 December 2019		260,605	(3,631)	(437)	1,758	(25,241)	34,401	267,455

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	Group	
	2019	2018
	$'000	$'000
Operating activities		
Profit before income tax	68,372	65,167
Adjustments for:		
Depreciation of plant and equipment	1,024	889
Depreciation of right-of-use assets	5,278	-
Amortisation of intangible assets	343	93
Interest income	(4,313)	(3,458)
Finance costs	334	-
Dividend income	(730)	(328)
Share-based payment expenses	1,190	2,430
Gain on disposal of plant and equipment	(2)	(1)
Gain on disposal of investments	(6,096)	(1,040)
Net fair value gain on financial assets designated at FVTPL	-	(898)
Net fair value (gain) loss on financial assets mandatorily measured at FVTPL	(1,602)	4,783
Fair value loss on deferred consideration	17	-
Allowance for doubtful receivables	126	1,544
Operating cash flows before movements in working capital	63,941	69,181
Trade receivables	6,447	(6,986)
Other receivables and prepayments	(977)	(659)
Trade payables	(452)	298
Other payables and accruals	(350)	(1,408)
Cash generated from operations	68,609	60,426
Interest received	4,264	2,389
Interest paid	(334)	-
Income tax paid	(13,242)	(11,199)
Net cash from operating activities	59,297	51,616
Investing activities		
Dividends received	730	328
Purchase of plant and equipment and intangible assets	(1,276)	(1,728)
Proceeds from disposal of plant and equipment	5	1
Purchase of financial assets mandatorily measured at FVTPL	(6,594)	(17,645)
Proceeds from disposal of financial assets mandatorily measured at FVTPL	21,522	3,370
Proceeds from disposal (Purchase) of financial assets designated at FVTPL	6,764	(6,299)
Proceed from disposal (Purchase) of quoted debt instrument at amortised cost	5,053	(5,000)
Purchase of equity instruments designated at FVTOCI	(63,356)	-
Change in ownership interests in subsidiaries	(285)	91
Consideration paid on acquisition of subsidiaries (Note 33)	(2,163)	(485)
Net cash used in investing activities	(39,600)	(27,367)

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	Group	
	2019	2018
	$'000	$'000
Financing activities		
Dividends paid to non-controlling shareholders	(1,841)	(1,186)
Dividends paid	(28,163)	(23,456)
Net placement of pledged deposits	(162)	(118)
Purchase of treasury shares	(331)	(6,633)
Capital contributions by non-controlling shareholders in subsidiaries	1,047	159
Repayment of lease liabilities	(5,149)	–
Net cash used in financing activities	(34,599)	(31,234)
Net decrease in cash and cash equivalents	(14,902)	(6,985)
Cash and cash equivalents at beginning of the year	281,810	289,090
Effect of foreign exchange rate changes	(746)	(295)
Cash and cash equivalents at end of the year (Note 6)	266,162	281,810

Reconciliation of liabilities arising from financing activities

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

					Non-cash changes		
	31 December 2018	Adoption of SFRS(I) 16	1 January 2019	Financing cash flows[(i)]	New lease liabilities	Foreign exchange movement	31 December 2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Lease liabilities	–	8,691	8,691	(5,149)	10,772	(50)	14,264

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

See accompanying notes to the 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"). The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of investment holding.

The principal activities of the significant subsidiaries are disclosed in Note 14 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2019 were authorised for issue by the Board of Directors on 13 March 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and SFRS(I)s.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On 1 January 2019, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as discussed below.

SFRS(I) 16 *Leases*

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group's consolidated financial statements is described below.

The date of initial application of SFRS(I) 16 for the Group is 1 January 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

SFRS(I) 16 *Leases (cont'd)*

The Group has applied SFRS(I) 16 using the cumulative catch-up approach which:

- requires the Group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and
- does not permit restatement of comparatives, which continue to be presented under SFRS(I) 1-17 and SFRS(I) INT 4.

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to those leases entered or changed before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. SFRS(I) 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in SFRS(I) 1-17 and SFRS(I) INT 4.

The Group applies the definition of a lease and related guidance set out in SFRS(I) 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in SFRS(I) 16 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

(b) Impact on lessee accounting

Former operating leases

SFRS(I) 16 changes how the Group accounts for leases previously classified as operating leases under SFRS(I) 1-17, which were off-balance-sheet.

Applying SFRS(I) 16, for all leases, the Group:

(a) Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with SFRS(I) 16:C8(b)(ii);

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SFRS(I) 1-17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under SFRS(I) 16, right-of-use assets are tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets*.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes items of office equipment), the Group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16. This expense is presented within "facilities and depreciation expenses" in the consolidated statement of profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

SFRS(I) 16 *Leases* (cont'd)

(b) Impact on lessee accounting (cont'd)

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying SFRS(I) 1-17.

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(c) Financial impact of initial application of SFRS(I) 16

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position on 1 January 2019 is 3.7% per annum.

The following table shows the operating lease commitments disclosed applying SFRS(I) 1-17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	Group
	$'000
Operating lease commitments at 31 December 2018	14,064
Less: Non-lease components	(1,962)
Less: Short-term leases and leases of low value assets	(2,934)
Less: Effect of discounting on lease liabilities	(378)
Less: Termination of leases during the year	(99)
Lease liabilities recognised at 1 January 2019	8,691

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. Consequently, right-of-use assets of $8.7 million were recognised on 1 January 2019.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the 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 SFRS(I) s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I)s are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I).

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

Financial assets (cont'd)

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all financial assets other than debt instruments are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or fair value through other comprehensive income (FVTOCI) criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "other income" line item.

Equity instruments designated at FVTOCI

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Classification of financial assets (cont'd)

Equity instruments designated at FVTOCI (cont'd)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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

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

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically, investments in equity instruments are classified at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination at FVTOCI on initial recognition.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other income" line item (Note 25). Fair value is determined in the manner described in Note 4(b)(vii).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" or "other expenses" line item; and
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" or "other expenses" line item.
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost and trade and other receivables. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product (GDP), the future prospects of the industries in which the Group's debtors operate and the forecast economic information that relate to the Group's operations to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instruments is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments (cont'd)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified at FVTPL when the financial liability is contingent consideration of an acquirer in a business combination to which SFRS(I) 3 applies.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the "other income" or "other expenses" line item.

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

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not contingent consideration of an acquirer in a business combination are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other income" and "other expenses" line item in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

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

LEASES (BEFORE 1 JANUARY 2019) - 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

LEASES (FROM 1 JANUARY 2019) - The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

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

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

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

Furniture and fittings	-	1 to 5 years
Office equipment	-	2 to 5 years
Renovation	-	1 to 5 years
Computers and systems	-	1 to 10 years

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

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

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	-	1 to 5 years
Customer relationship	-	8 years

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

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indicator that those assets have suffered an impairment loss. If any such indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

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

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 21. 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 recognised 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.

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systemic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

REVENUE RECOGNITION - The Group recognises revenue from the hourly sales of services by contractor employees to customers ("flexible staffing" revenue) and the recruiting of permanent employees for our customers ("professional recruitment" revenue).

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when control of the promised services is transferred to the customer. The Group has generally concluded that it is the principal in its revenue arrangements and records revenue on a gross basis because it typically controls the promised services before transferring them to the customer.

The average credit period for the rendering of services is 7 to 60 days. Management does not assess whether a contract has a significant financing component if the expectation at contract inception is that the period between payment by the customer and the transfer of the services to the customer will be less than one year. The Group does not have any significant financing components or extended payment terms.

Flexible staffing revenue

Flexible staffing contracts are short-term in nature. Billings are generally negotiated and invoiced on a per-hour basis as the flexible staffing services are transferred to the customer. Revenue from the majority of the flexible staffing services continues to be recognised over time as the customer simultaneously receives and consumes the services the Group provides. The Group has applied the practical expedient to recognise revenue for these services over the term of the agreement in proportion to the amount the Group has the right to invoice the customer.

Professional recruitment revenue

Revenue from professional recruitment is recognised at the point in time the permanent placement candidate signs the employment contract or commences full-time employment. The point of recognition is dependent on the terms of the contract of when the Group becomes entitled to invoice customers for the services rendered. The right to bill the customer signify when the point that the customer considers the control has been transferred.

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

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

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

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

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

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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).

Current and deferred tax are recognised as an expense or income in profit or loss, except where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

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

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

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

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

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents comprise cash on hand, bank balances and fixed deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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

The following is the critical judgement, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

<u>Lack of significant influence over Staffline Group plc ("Staffline")</u>

Judgement is required in assessing whether Group has significant influence over another entity in which it holds an interest. Significant influence is presumed to be present when an entity owns more than 20% of the voting power of the investee. SFRS(I) identifies several indicators that may provide evidence of the lack of significant influence, including inability to obtain timely or adequate financial information required to apply the equity method and lack of board representation. The Group owns 29.95% of the voting shares of Staffline Group plc. Notwithstanding that Group owns more than 20% of the voting power in Staffline, the Group was unable to obtain timely financial information and it does not have a board representation in order to participate in the financial and operating policy decisions of Staffline. Management therefore considers that the Group has no significant influence over Staffline and hence it has classified the investment as financial assets and made an irrevocable election to measure at FVTOCI.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Key sources of estimation uncertainty **(cont'd)**

Purchase price allocation for the acquisition of REForce (Shanghai) Human Resources Management Consulting Co., Ltd ("CGU in China" or "REForce")

SFRS(I) 3 *Business Combinations* requires the Group to recognise the identifiable assets, liabilities and contingent liabilities at fair value at the date of acquisition, with the excess of the acquisition cost over the identified fair values recognised as goodwill. The assets, liabilities and contingent liabilities were identified and valued through a purchase price allocation ("PPA"). A significant degree of judgement is required in the PPA, in particular in relation to the identification of the identifiable intangible assets acquired. In identifying the identifiable assets acquired, consideration was given to whether other potential intangible assets were acquired as part of this acquisition and it was assessed that apart from customer relationship and goodwill, there was no other identifiable intangible assets acquired. In connection to this acquisition, the Group recognised a contingent consideration of $5,146,000, customer relationship of $1,362,000 and goodwill of $4,683,000. The Group's disclosure on the above is set out in Note 33.

In 2018, the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 4.

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	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000 (Restated)**	**$'000**	**$'000**
Financial assets				
Financial assets at amortised cost	347,640	373,677	173,526	214,785
Financial assets mandatorily measured at FVTPL	9,173	16,078	8,555	16,050
Financial assets designated at FVTPL	–	7,197	–	6,697
Equity instruments designated at FVTOCI	38,115	–	38,115	–
	394,928	396,952	220,196	237,532
Financial liabilities				
Financial liabilities at amortised cost	52,788	39,281	83	235
Deferred considerations for business combinations	2,954	5,236	–	–
	55,742	44,517	83	235

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

(a) Categories of financial instruments (cont'd)

(i) Financial assets designated at FVTPL

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Carrying amount of financial assets designated at FVTPL	–	7,197	–	6,697
Changes in fair value recognised during the year, representing cumulative changes in fair value	–	898	–	898

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

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

	Assets		Liabilities	
	2019	**2018**	**2019**	**2018**
Group	**$'000**	**$'000**	**$'000**	**$'000**
United States dollar	1,646	7,824	(31)	–
Japanese yen	5,024	13,358	–	–
Great Britain pound	36,101	4,186	–	–
Hong Kong dollar	8,144	–	–	–
Chinese yuan	5,392	381	–	–

	Assets		Liabilities	
	2019	**2018**	**2019**	**2018**
Company	**$'000**	**$'000**	**$'000**	**$'000**
United States dollar	–	6,697	–	–
Japanese yen	5,024	13,358	–	–
Great Britain pound	36,101	4,186	–	–
Hong Kong dollar	6,551	–	–	–

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	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
United States dollar	162	782	–	670
Japanese yen	502	1,336	502	1,336
Great Britain pound	3,610	419	3,610	419
Hong Kong dollar	814	–	655	–
Chinese yuan	539	38	–	–

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

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

Equity price sensitivity analysis

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

In respect of equity investments at FVTOCI, if equity prices had been 10% higher/lower, the Group's investments revaluation reserve would decrease/increase by $3.8 million (2018 : Nil).

In respect of equity investments at FVTPL, if equity prices had been 10% higher/lower, the Group's net profit for the year ended 31 December 2019 would increase/decrease by $0.9 million (2018 : increase/decrease by $2.3 million).

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

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

(iv) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognisingexpected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Group				**$'000**	**$'000**	**$'000**
2019						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	76,261	(1,568)	74,693
Other receivables	8	Performing	12–month ECL	5,782	–	5,782
					(1,568)	
2018						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	82,708	(1,442)	81,266
Other receivables	8	Performing	12–month ECL	4,760	–	4,760
					(1,442)	

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

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

(iv) Overview of the Group's exposure to credit risk (cont'd)

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Company				**$'000**	**$'000**	**$'000**
2019						
Other receivables	8	Performing	12-month ECL	97,450	–	97,450
2018						
Other receivables	8	Performing	12-month ECL	73,548	–	73,548

(i) For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 7 include further details on the loss allowance for trade receivables.

The carrying amount of the Group's financial assets at FVTPL as disclosed in Note 9 best represents their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.

(v) Credit risk management

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a mean of mitigating the risk of financial loss from defaults. The Group uses publicly available financial information and its own trading records to rate its major customers to assess the credit ratings of its counterparties. The Group's exposure and the credit ratings of its counterparties are monitored continously and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit approvals and other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any counterparty did not exceed 5% of gross monetary assets at any time during the financial year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(vi) Liquidity risk management

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

All financial assets and liabilities as at 31 December 2019 and 2018, except for the fixed deposits as disclosed in Note 6 and the quoted debt security as disclosed in Note 9, are interest-free and are repayable on demand or due within 1 year from the end of the reporting period.

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

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

(vii) Fair value of financial assets and financial liabilities

Some of the Group's financial assets and financial liabilities are measured at fair value as at the end of the reporting period.

The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at ($'000)							
	Group		Company					
Financial assets/ financial liabilities	2019	2018 (Restated)	2019	2018	Fair value hierarchy	Valuation technique(s) and input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Financial assets mandatorily measured at fair value through profit or loss (see Note 9)								
1) Quoted equity securities	8,555	16,078	8,555	16,050	Level 1	Quoted bid prices in an active market.	N.A.	N.A.
2) Unquoted equity securities	618	–	–	–	Level 2	Unquoted bid prices in markets that are not active	N.A.	N.A.
Financial assets designated at fair value through other comprehensive income (see Note 9)								
3) Quoted equity securities	38,115	–	38,115	–	Level 1	Quoted bid prices in an active market.	N.A.	N.A.
Financial assets designated at fair value through profit or loss (see Note 9)								
4) Unquoted equity securities	–	7,197	–	6,697	Level 3	Market approach to determine the total equity value; Hybrid method combining option-pricing model and probability-weighted expected return method in consideration of various scenarios	Implied volatility of unquoted equity securities and asset volatilities of comparable companies based on historical daily stock price returns was determined to be 75%, with a 20% Initial Public Offering (IPO) probability.	The higher the volatility and the higher the probability of IPO, the higher the fair value. (Note A)
Others - deferred considerations in business combinations (see Note 33)								
5) Deferred considerations	2,954	5,236	–	–	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the deferred consideration.	Weighted average cost of capital (WACC) of 18.2% per annum, determined using a Capital Asset Pricing Model.	A slight increase in the WACC used in isolation would not result in a significant decrease in the fair value. (Note B)

Note A: An increase/decrease in volatility by 5%, and an increase/decrease in IPO probability by 10%, while holding all other variables constant would not result in significant changes in fair value.

Note B: A 5% increase/decrease in the WACC used while holding all other variables constant would not result in significant changes in fair value.

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

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

(vii) Fair value of financial assets and financial liabilities (cont'd)

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. There were no significant transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy in the period.

Except as detailed below, management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

	Group				Company			
	2019		2018		2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets								
Amortised cost:								
- Quoted debt security	–	–	5,000	5,018	–	–	5,000	5,018

(c) Capital management policies and objectives

The Group reviews its capital structure annually to ensure that the Group will be able to continue as a going concern. The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings. The Group's overall strategy remains unchanged from prior year.

5 HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

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

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

There are no significant related party transactions during the financial year.

Compensation of directors and key management personnel

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

	Group	
	2019	**2018**
	$'000	**$'000**
Short-term benefits	4,813	7,018
Post-retirement benefits	141	153
Share-based payments	27	63
	4,981	7,234

6 CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Cash and bank balances	136,012	93,594	3,476	5,037
Fixed and structured deposits	128,587	187,039	72,600	131,200
Restricted cash	1,563	1,177	–	–
Cash and cash equivalents per statements of financial position	266,162	281,810	76,076	136,237
Pledged deposits	1,003	841	–	–

Fixed and structured deposits bore interest at rates ranging from 0.08% to 4.8% (2018 : 0.08% to 4.2%) per annum and for a tenure of 7 days to 36 months (2018 : 1 month to 36 months).

Restricted cash relates to deposit placed by customers and can only be utilised for specified payment, and cash held in bank account for the sole purpose of establishment of subsidiary.

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

7 TRADE RECEIVABLES

	Group	
	2019	2018
	$'000	$'000
Outside parties	76,261	82,708
Loss allowance	(1,568)	(1,442)
	74,693	81,266

The average credit period for the rendering of services is 7 to 60 days (2018 : 7 to 60 days). No interest is charged on overdue trade receivables.

Loss allowance for trade receivables has always been measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix. The expected credit loss rate is approximately 0% for trade receivables outstanding for less than 90 days and for trade receivables past due for more than 90 days, the Group has recognised a loss allowance of 100%, except for the adjustment to factors that are specific to the debtors, because historical experience has indicated that these receivables are generally not recoverable. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	Group Trade receivables - days past due					
	Not past due	< 30 days	31 to 60 days	61 to 90 days	> 90 days	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2019						
Estimated total gross carrying amount at default	41,839	22,123	7,319	2,621	2,359	76,261
Lifetime ECL	–	–	–	–	(1,568)	(1,568)
						74,693
2018						
Estimated total gross carrying amount at default	44,081	25,191	8,328	3,524	1,584	82,708
Lifetime ECL	–	–	(156)	(186)	(1,100)	(1,442)
						81,266

7 TRADE RECEIVABLES (cont'd)

The table below shows the movement in lifetime ECL - credit impaired that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

	Group
	$'000
Balance as at 1 January 2018	54
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	1,544
Amounts written off	(156)
Balance as at 31 December 2018	1,442
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	126
Balance as at 31 December 2019	1,568

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Deposits	2,946	2,786	–	–
Prepayments	1,140	1,136	14	16
Dividends due from subsidiaries	–	–	26,000	28,600
Other receivables due from subsidiaries	–	–	70,308	43,809
Interest receivable	1,309	1,260	1,140	1,139
Accrued revenue	1,150	447	–	–
Others	377	267	2	–
	6,922	5,896	97,464	73,564

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

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL. In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

9 OTHER FINANCIAL ASSETS

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets mandatorily measured at FVTPL: Held-for-trading non-derivative financial assets				
- quoted equity securities (current)	8,555	16,078	8,555	16,050
- unquoted equity security (non-current)	618	–	–	–
	9,173	16,078	8,555	16,050
Financial assets designated at FVTPL: Held-for-trading non-derivative financial assets				
- unquoted equity securities (non-current)	–	7,197	–	6,697
Financial assets measured at amortised cost:				
- quoted debt security (non-current)	–	5,000	–	5,000
Financial assets at FVTOCI: Investments in equity instruments designated at FVTOCI				
- quoted equity securities (non-current)	38,115	–	38,115	–
Total other financial assets (current)	8,555	16,078	8,555	16,050
Total other financial assets (non-current)	38,733	12,197	38,115	11,697
Total other financial assets	47,288	28,275	46,670	27,747

Financial assets mandatorily measured at FVTPL

The investments above include investments in quoted equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on the quoted closing market prices on the last market day of the financial year.

Unquoted equity investment comprise venture capital investment in 1 entity (2018 : Nil) which represent less than 20% shareholdings in the entity. The investment is measured at fair value through profit or loss in accordance with SFRS(I) 9 *Financial Instruments*, as it represents an investment which the Group manages together with an intention of profit taking when the opportunity arises.

Financial assets designated at FVTPL

In 2018, unquoted equity investments comprise venture capital investments in 2 entities which represent less than 20% shareholdings in each entities. These investments are measured at fair value through profit or loss in accordance with SFRS(I) 9 *Financial Instruments*, as they represent an identified portfolio of investments which the Group manages together with an intention of profit taking when the opportunity arises.

Changes in the fair value of financial assets mandatorily measured at fair value through profit or loss, amounting to gain of $1,602,000 (2018 : loss of $4,783,000) and changes in the fair value of financial assets designated at fair value through profit or loss, amounting to nil (2018 : gain of $898,000) have been included in profit or loss for the year as part of “other income”.

9 OTHER FINANCIAL ASSETS (cont'd)

Financial assets measured at amortised cost

As at 31 December 2018, the quoted debt security had nominal values of $5 million, with coupon rates of 4% per annum and maturity period of 3 years. During the year ended 31 December 2019, the Group disposed the debt security.

For purpose of impairment assessment, the investment in debt security was considered to have low credit risk. Management considered 'low credit risk' to be when the issuer have a low risk of default and the capacity to meet its contractual cash flow obligations in the near term. Accordingly, for the purpose of impairment assessment for these debts instruments, the loss allowance was measured at an amount equal to 12-month ECL.

In determining the ECL, management had taken into account the historical default experience, the financial position of the counterparty, as well as the future prospects of the industry in which the issuer of the debt instrument obtained from economic expert reports, financial analyst reports and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

Impairment gain or loss on financial instruments measured at amortised cost is recognised in profit or loss, with a corresponding adjustment to their carrying amount through the loss allowance account. There is no loss allowance recognised based on management's assessment.

Investments in equity instruments designated at FVTOCI

The investments in quoted equity securities offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on the quoted closing market prices on the last market day of the financial year.

The investments in quoted equity securities include 29.95% equity interest in Staffline, a company involved in the provision of recruitment and outsourced human resource services to industry and the provision of skills training and probationary services. Management considers that the Group has no significant influence over Staffline as it does not have a board representation and there is no access to financial information of Staffline.

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

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

10 PLANT AND EQUIPMENT

Group	Furniture and fittings $'000	Office equipment $'000	Renovation $'000	Computers $'000	Total $'000
Cost:					
At 1 January 2018	658	865	8,182	4,097	13,802
Acquired on acquisition of subsidiaries (Note 33)	12	–	21	2	35
Additions	64	83	1,039	433	1,619
Exchange realignment	–	1	12	9	22
Disposals	(100)	(199)	(856)	(267)	(1,422)
At 31 December 2018	634	750	8,398	4,274	14,056
Additions	67	30	568	367	1,032
Exchange realignment	(3)	1	(24)	(7)	(33)
Disposals	(2)	(18)	(579)	(178)	(777)
At 31 December 2019	696	763	8,363	4,456	14,278
Accumulated depreciation:					
At 1 January 2018	(644)	(803)	(7,696)	(3,867)	(13,010)
Depreciation for the year	(23)	(59)	(462)	(345)	(889)
Exchange realignment	(2)	(1)	(16)	(1)	(20)
Eliminated on disposals	100	199	856	267	1,422
At 31 December 2018	(569)	(664)	(7,318)	(3,946)	(12,497)
Depreciation for the year	(41)	(61)	(608)	(314)	(1,024)
Exchange realignment	2	(1)	19	7	27
Eliminated on disposals	2	18	579	175	774
At 31 December 2019	(606)	(708)	(7,328)	(4,078)	(12,720)
Carrying amount:					
At 31 December 2018	65	86	1,080	328	1,559
At 31 December 2019	90	55	1,035	378	1,558

11 RIGHT-OF-USE ASSETS

The Group leases office premises. The lease term ranges from 1.6 years to 5 years.

Group	Office premises $'000
Cost:	
At 1 January 2019	8,691
Additions	10,772
Exchange realignment	(91)
At 31 December 2019	19,372
Accumulated depreciation:	
At 1 January 2019	–
Depreciation for the year	(5,278)
Exchange realignment	50
At 31 December 2019	(5,228)
Carrying amount:	
At 31 December 2019	14,144

12 OTHER INTANGIBLE ASSETS

Group	Computer software $'000	Customer relationship $'000 (Restated)	Total $'000 (Restated)
Cost:			
At 1 January 2018	1,570	–	1,570
Acquired on acquisition of a subsidiary (Note 33)	–	1,362	1,362
Additions	109	–	109
At 31 December 2018	1,679	1,362	3,041
Additions	244	–	244
At 31 December 2019	1,923	1,362	3,285
Accumulated amortisation:			
At 1 January 2018	(1,348)	–	(1,348)
Amortisation for the year	(93)	–	(93)
At 31 December 2018	(1,441)	–	(1,441)
Amortisation for the year	(116)	(227)	(343)
At 31 December 2019	(1,557)	(227)	(1,784)
Carrying amount:			
At 31 December 2018	238	1,362	1,600
At 31 December 2019	366	1,135	1,501

13 GOODWILL

	Group $'000 (Restated)
Cost representing carrying amount:	
At 1 January 2018	–
Arising from acquisition of subsidiaries (Note 33)	5,185
At 31 December 2018 and 2019	5,185

Goodwill acquired in business combinations are allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from the business combinations. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	Group 2019 $'000	Group 2018 $'000 (Restated)
Professional recruitment - a single CGU in People's Republic of China	4,683	4,683
Others*	502	502
	5,185	5,185

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

13 GOODWILL (cont'd)

The Group undertakes annual goodwill impairment assessment, more frequently if there are indications that goodwill might be impaired.

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

The Group prepares and extrapolates cash flows forecasts for the following four years based on an estimated revenue growth rate of 10% and extrapolates cash flows for the remaining years based on an estimated growth rate of 2%. This rate does not exceed the average long-term revenue growth rate for the relevant markets.

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

As at 31 December 2019, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

14 SUBSIDIARIES

	Company	
	2019	**2018**
	$'000	**$'000**
Unquoted equity shares, at cost	48,427	48,427

Details of the Company's significant subsidiaries at 31 December 2019 are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held	
			2019	**2018**
			%	**%**
HRnet One Pte Ltd ("HRS") [1]	Singapore	Personnel recruitment and provision of human resources related services.	100	100
Recruit Express Pte Ltd ("RES") [1]	Singapore	Personnel recruitment and provision of human resources related services.	100	100

[1] Audited by Deloitte & Touche LLP, Singapore.

14 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:

	2019 $'000	2018 $'000
Consideration (paid) received for changes in ownership interest in subsidiaries	(182)	91
Non-controlling interests acquired (disposed)	183	(111)
Difference recognised in equity reserves (Note 20)	1	(20)

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

Principal activities	Place of incorporation and operation	Number of subsidiaries 2019	Number of subsidiaries 2018
Personnel recruitment and provision of human resource related services.	Singapore, Japan, South Korea, People's Republic of China, Indonesia	13	12
Employment, recruitment and personnel placement agency.	Singapore	4	4
Head office of enterprises operating abroad as employment, recruitment and personnel placement agency.	Singapore, Taiwan	4	3
Investment holding.	Singapore, Hong Kong	3	3
Management of human resource functions and human resource consultancy services.	Singapore	1	–
Executive search and personnel placement agency.	Hong Kong	2	2
Provision of recruitment agency services.	Hong Kong	3	3
Management training consulting and recruitment activities.	Malaysia	–	1
Personnel recruitment agency.	Malaysia	3	1
Provision of permanent recruitment services.	Malaysia	1	1
Provision of temporary and contracted staffing services.	Malaysia	2	2
Investment holding and management consultancy .	Thailand	1	1
Executive and management recruitment.	Thailand	1	1
Dormant.	Singapore, Hong Kong, Taiwan, Malaysia, Australia	5	9
		43	43

15 DEFERRED TAX ASSETS (LIABILITIES)

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	Group	
	2019	2018
	$'000	$'000 (Restated)
Deferred tax assets	808	905
Deferred tax liabilities	(349)	(366)
	459	539

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

Group	Accelerated tax depreciation $'000	Provisions and other temporary differences $'000 (Restated)	Total $'000 (Restated)
At 1 January 2018	34	508	542
Exchange realignment	1	(3)	(2)
Acquired on acquisition of a subsidiary (Note 33)	–	(341)	(341)
(Charge) Credit to profit or loss for the year (Note 26)	(39)	379	340
At 31 December 2018	(4)	543	539
Exchange realignment	(1)	(4)	(5)
Credit (Charge) to profit or loss for the year (Note 26)	7	(82)	(75)
At 31 December 2019	2	457	459

16 TRADE PAYABLES

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

17 OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Accrued operating expenses	35,547	36,218	83	235
Deposits from customers	1,158	1,120	–	–
Advanced billings	617	280	–	–
Due to non-controlling shareholder	–	377	–	–
Dividends payable	1,749	1,301	–	–
	39,071	39,296	83	235

The amount due to non-controlling shareholder was unsecured, interest-free and repayable on demand.

18 LEASE LIABILITIES

	Group 2019 $'000
Maturity analysis:	
Year 1	7,843
Year 2	5,074
Year 3	1,554
Year 4	212
Year 5	120
	14,803
Less: Unearned interest	(539)
	14,264
Analysed as:	
Current	7,470
Non-current	6,794
	14,264

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

19 SHARE CAPITAL AND TREASURY SHARES

Share capital

	Group and Company			
	Number of shares		Issued and paid up	
	2019	2018	2019	2018
	'000	'000	$'000	$'000
Issued and paid up:				
- At 1 January and 31 December	1,011,407	1,011,407	260,605	260,605

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.

Treasury shares

	Group and Company			
	Number of treasury shares		Amount	
	2019	2018	2019	2018
	'000	'000	$'000	$'000
At 1 January	5,587	–	4,903	–
Treasury shares purchased	572	7,627	331	6,633
Treasury shares reissued pursuant to 123GROW Plan (Note 21)	(1,787)	(2,040)	(1,569)	(1,730)
Treasury shares reissued in connection with Rimbun's deferred consideration	(38)	–	(34)	–
At 31 December	4,334	5,587	3,631	4,903

19 SHARE CAPITAL AND TREASURY SHARES (cont'd)

Treasury shares (cont'd)

The Company acquired 572,000 (2018 : 7,626,900) of its issued shares through purchases on the SGX-ST during the financial year. The total amount paid to acquire the shares was $0.3 million (2018 : $6.6 million) and this was presented as a component within shareholders' equity. The Company reissued 1,787,100 (2018 : 2,039,600) treasury shares during the financial year pursuant to the 123GROW Plan (Note 21). The Company intends to reissue these shares to the participants of 123GROW Plan when the Bonus Shares and GROW Shares vest (Note 21).

20 EQUITY RESERVE

Equity reserves represent the following:

(i) difference between purchase consideration and net assets transferred for business combination involving entities under common control; and

(ii) difference between consideration for changes in ownership interest in subsidiaries and non-controlling interest acquired or disposed.

21 SHARE-BASED PAYMENT RESERVE

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 heartcount ("PHC") which is to achieve gross profit of 3 times their payroll costs for sales employees and 80% of their key performance indicators for non-sales employees 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

21 SHARE-BASED PAYMENT RESERVE (cont'd)

Opp 1 Plan and Opp 2 Plan (cont'd)

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

	Group and Company		
	2019	**2018**	
	Number of share awards	**Number of share awards**	**Fair value at grant date**
			($)
At 1 January	3,887,300	6,419,700	0.90
Vested during the year	(1,787,100)	(2,039,600)	
Forfeited during the year	(422,300)	(492,800)	
At 31 December	1,677,900	3,887,300	

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

HRnet GROW Plan

On 1 July 2019, the GROW Shares are granted to eligible employees. GROW Shares will be allotted and issued on 1 July 2020 when all vesting conditions are met. The aggregate number of GROW Shares to be finally awarded to the participants will be based on the achievement of certain predetermined performance targets as determined by the GROW committee or otherwise in accordance with the rules of the HRnet GROW Plan.

Awards comprising an aggregate of 944,900 GROW Shares were granted under the HRnet GROW Plan on 1 July 2019, of which 94,400 GROW Shares were forfeited in 2019. Eligible employees who achieve certain predetermined performance targets are entitled to additional shares, termed as "multiplier shares".

Details of the GROW Shares under HRnet GROW Plan are as follows:

	Group and Company		
	2019	**2018**	
	Number of share awards	**Number of share awards**	**Fair value at grant date**
			($)
At 1 January	–	–	
Granted on 1 July 2019	944,900	–	0.71
Multiplier shares	370,500	–	
Forfeited during the year	(94,400)	–	
At 31 December	1,221,000	–	

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

The Group and the Company recognised total expenses of $1,190,000 (2018 : $2,430,000) related to share-based payment transactions during the year.

22 INVESTMENTS REVALUATION RESERVE

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

Movement in investments revaluation reserves:

	Group and Company	
	2019	**2018**
	$'000	**$'000**
At 1 January	–	–
Fair value loss on investments in equity instruments designated at FVTOCI	25,241	–
At 31 December	25,241	–

23 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.

24 REVENUE

The Group derives its revenue from the transfer of services over time and at a point in time for flexible staffing and professional recruitment services respectively. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (see Note 32). A disaggregation of the Group's revenue for the year has been disclosed in Note 32.

25 OTHER INCOME

	Group	
	2019	**2018**
	$'000	**$'000**
Interest income	4,313	3,458
Dividend income	730	328
Gain on disposal of investments	6,096	1,040
Net fair value gain (loss) on financial assets mandatorily measured at FVTPL	1,602	(4,783)
Fair value gain on financial assets designated at FVTPL	–	898
Government grants/subsidies and rebates	4,761	5,810
Others	184	36
	17,686	6,787

26 INCOME TAX EXPENSE

	Group	
	2019	2018
	$'000	$'000
Current tax	11,929	12,806
Under (Over) provision of current tax in prior year	59	(563)
Deferred tax	75	(340)
Withholding tax	533	842
	12,596	12,745

Domestic income tax is calculated at 17% (2018 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	Group	
	2019	2018
	$'000	$'000
Profit before income tax	68,372	65,167
Income tax expense at statutory tax rate	11,623	11,078
(Non-taxable) Non-deductible items	(471)	761
Tax rate differentials between Singapore and foreign countries	1,064	1,389
Under (Over) provision of current tax in prior year	59	(563)
Effect of tax exemption and rebate	(357)	(522)
Withholding tax	533	842
Others	145	(240)
	12,596	12,745

27 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Group	
	2019	2018
	$'000	$'000
Defined contribution plans [1]	39,806	39,894
Allowance for doubtful receivables	126	1,544
Depreciation of plant and equipment	1,024	889
Depreciation of right-of-use assets	5,278	–
Amortisation of intangible assets	343	93
Expenses relating to short-term leases	2,836	–
Payment recognised as an expense during the year:		
- minimum lease payments under operating leases	–	8,695
Audit fees:		
- auditors of the Company	335	301
- other auditors	25	21
Non-audit fees:		
- auditors of the Company	150	114
- other auditors	47	12

[1] The defined contribution plans of contractor employees have been included in this disclosure.

28 EARNINGS PER SHARE

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

	Group	
	2019	2018
	$'000	$'000
Profit attributable to owners of the Company	51,604	48,178

	Group Number of shares	
	2019	2018
	'000	'000
Weighted average number of ordinary shares used to compute basic earnings per share	1,006,605	1,009,124
Adjustment for potential dilutive ordinary shares	2,891	3,887
Weighted average number of ordinary shares used to compute diluted earnings per share	1,009,496	1,013,011
Basic earnings per share (cents)	5.13	4.77
Diluted earnings per share (cents)	5.11	4.76

29 DIVIDENDS

On 27 April 2018, in connection with the financial year ended 31 December 2017, the Company declared a final one-tier tax exempt ordinary dividend of approximately $23.3 million ($0.023 per share) which were paid on 17 May 2018 to its registered shareholders.

On 26 April 2019, in connection with the financial year ended 31 December 2018, the Company declared a final one-tier tax exempt ordinary dividend of approximately $28.2 million ($0.028 per share) which were paid on 15 May 2019 to its registered shareholders.

In respect of the current year, the directors propose that a final one-tier tax exempt ordinary dividend of $0.028 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 $28.2 million.

30 CONTINGENT LIABILITIES

	Group	
	2019	2018
	$'000	$'000
Banker's guarantees	723	726
Other pledged deposits	280	115
	1,003	841

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

31 OPERATING LEASE ARRANGEMENTS

Disclosure required by SFRS(I) 1-17

At 31 December 2018, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group 2018 $'000
Within one year	7,743
In the second to fifth year inclusive	6,321
	14,064

Operating lease payments represented rentals payable by the Group for its office premises. Leases were negotiated for an average term of three years and rentals were fixed for an average of three years.

32 SEGMENT INFORMATION

For purposes of resource allocation and assessment of segment performance, the Group's chief operating decision makers have focused on the business operating units which in turn are segregated based on the type of services supplied. This forms the basis of identifying the segments of the Group under SFRS(I) 8 *Operating segments* as follows:

(i) Professional recruitment.

(ii) Flexible staffing.

(iii) Others.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of other income, other employee benefit expenses, facilities and depreciation expenses, selling expenses, other expenses and finance costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

Information regarding the operations of each reportable segment is included below.

<u>*Business segment revenue and results*</u>

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

	Revenue	
	2019	**2018**
Group	**$'000**	**$'000**
Professional recruitment	95,926	103,331
Flexible staffing	324,165	322,220
Others	2,990	2,939
	423,081	428,490

32 SEGMENT INFORMATION (cont'd)

Business segment revenue and results (cont'd)

	Results	
	2019	2018
Group	$'000	$'000
Professional recruitment	95,591	102,930
Flexible staffing	48,267	50,086
Others	1,700	2,281
Gross profit	145,558	155,297
Other income	17,686	6,787
Other employee benefit expenses	(73,598)	(76,861)
Facilities and depreciation expenses	(12,102)	(11,107)
Selling expenses	(4,671)	(5,599)
Other expenses	(4,167)	(3,350)
Finance costs	(334)	–
Profit before income tax	68,372	65,167

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

Geographical segment revenue and results

	Revenue	
	2019	2018
Group	$'000	$'000
Singapore	300,218	315,926
North Asia*	113,919	103,161
Rest of Asia#	8,944	9,403
	423,081	428,490

	Results	
	2019	2018
Group	$'000	$'000
Singapore	73,919	83,447
North Asia*	66,575	66,005
Rest of Asia#	5,064	5,845
Gross profit	145,558	155,297
Other income	17,686	6,787
Other employee benefit expenses	(73,598)	(76,861)
Facilities and depreciation expenses	(12,102)	(11,107)
Selling expenses	(4,671)	(5,599)
Other expenses	(4,167)	(3,350)
Finance costs	(334)	–
Profit before income tax	68,372	65,167

32 SEGMENT INFORMATION (cont'd)

Geographical segment assets

Group	2019 $'000	2018 $'000 (Restated)
Singapore	319,101	321,116
North Asia*	93,374	81,037
Rest of Asia#	6,789	5,184
	419,264	407,337

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

Rest of Asia comprises Malaysia, Thailand and Indonesia.

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

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

Information about major customers

No single customer accounted for more than 10% of the Group's total revenue during the financial year. The top ten customers represents 20% (2018 : 21%) of the Group's total revenue.

33 BUSINESS COMBINATIONS

On 1 September 2018, the Group acquired 51% of the issued share capital of REForce, an entity incorporated in the People's Republic of China with its principal activity being personnel recruitment and provision of human resource related services.

In 2018, the intangible assets, goodwill, contingent considerations and deferred tax relating to this acquisition are provisionally determined and the initial PPA to identifiable net assets was not completed as at 31 December 2018. The PPA to identifiable assets acquired and liabilities assumed are subsequently completed during the financial year ended 31 December 2019 and resulted to a restatement as disclosed in Note 34.

Consideration transferred (at acquisition date fair values)

This transaction has been accounted for by the acquisition method of accounting with considerations transferred as follows:

	2018 $'000 (Restated)
Cash	367
Contingent consideration arrangement [1]	5,146
	5,513

(1) The contingent consideration arrangement comprises two tranches that will be calculated based on 45% of the applicable Price-to-Earnings (PE) on the profits for the 12 months after the completion date for the first tranche and 45% of the applicable PE on the profits for the subsequent 12 months for the second tranche. Further disclosure on the fair value of deferred consideration has been detailed in Note 4(b)(vii).

During the year ended 31 December 2019, the Group paid out the total amount of $2.1m as the first tranche of the deferred consideration and the second tranche shall be settled in 2020.

33 BUSINESS COMBINATIONS (cont'd)

Assets acquired and liabilities assumed at the date of acquisition

	2018 $'000 (Restated)
Current assets	
Cash and cash equivalents	*
Trade receivables	624
Other receivables and prepayments	153
Non-current assets	
Other intangible assets	1,362
Plant and equipment	33
Current liabilities	(204)
Non-current liabilities	
Deferred tax liabilities	(341)
Net assets acquired and liabilities assumed	1,627

* Represents amount less than $1,000.

Non-controlling interest

The non-controlling interest (49%) in the CGU in China recognised at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to $797,000.

Goodwill arising on acquisition

	2018 $'000 (Restated)
Consideration transferred	5,513
Add: Non-controlling interest	797
Less: Fair value of identifiable net assets acquired	(1,627)
Goodwill arising on acquisition	4,683

Net cash outflow on acquisition of subsidiaries

	2018 $'000
Consideration paid in cash	367
Less: Cash and cash equivalent balances acquired	*
Net cash outflow on acquisition of the CGU in China	367

* Represents amount less than $1,000.

33 BUSINESS COMBINATIONS (cont'd)

Impact of acquisitions on the results of the Group

Included in the profit for the year ended 31 December 2018 was $478,000 attributable to the additional business generated by the CGU in China. Revenue for the period from the CGU in China amounted $2.6 million.

Other business combinations

In 2018, the Group also acquired the business of PT Rimbun Job Agency and Career Personnel Limited, the financial effect of which is individually and collectively immaterial to the Group. As such, no further disclosures have been made in relation to these acquisitions.

34 COMPARATIVE FIGURES

In the prior year, the Group acquired a 51% share in REForce on 1 September 2018 (Note 33). The initial accounting for this business combination was prepared using provisional values as permitted in term of SFRS(I) 3 paragraph 45. The provisional account has now been finalised. Consequently the comparative figures have been adjusted retrospectively. The effect of the adjustment resulted in a decrease in deferred consideration, resulting in the corresponding decrease in intangible assets, deferred liability on the intangible assets and goodwill. There is no impact on profit or loss.

	As previously reported	Adjustments	As restated
Group	**$'000**	**$'000**	**$'000**
2018			
Consolidated statement of profit or loss and other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	63	(74)	(11)
Consolidated statement of financial position			
Non-current assets			
Other intangible assets	2,461	(861)	1,600
Goodwill	12,298	(7,113)	5,185
Current liabilities			
Deferred considerations	4,806	(2,525)	2,281
Non-current liabilities			
Deferred tax liabilities	581	(215)	366
Deferred considerations	8,615	(5,660)	2,955
Capital, reserves and non-controlling interests			
Translation reserve	103	(74)	29
Non-controlling interests	11,464	500	11,964

35 STANDARDS ISSUED BUT NOT EFFECTIVE

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

Effective for annual periods beginning on or after 1 January 2020

- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements* and SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*

- Amendments to SFRS(I) 3 *Business Combinations: Definition of a Business*

- Amendments to References to the Conceptual Framework in SFRS(I) Standards

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.*

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

SHAREHOLDING STATISTICS

As at 17 March 2020

Issued and Paid-Up Capital	:	S$266,062,054.87
Number of shares issued (including Treasury Shares)	:	1,011,406,872
Number and Percentage of Treasury Shares	:	4,884,237 and 0.48%[1]
Number of shares issued (excluding Treasury Shares)	:	1,006,522,635
Number and Percentage of Subsidiary Holdings[2]	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

1 Percentage is calculated based on 1,006,522,635 issued shares, excluding treasury shares.
2 "Subsidiary Holdings" is defined in the Listing Manual of the Singapore Exchange Securities Trading Limited to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50 of Singapore.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	3	0.12	8	0.00
100 - 1,000	312	12.98	267,700	0.03
1,001 - 10,000	1,204	50.08	6,255,400	0.62
10,001 - 1,000,000	868	36.11	44,312,491	4.40
1,000,001 AND ABOVE	17	0.71	955,687,036	94.95
TOTAL	**2,404**	**100.00**	**1,006,522,635**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	RAFFLES NOMINEES (PTE.) LIMITED	789,939,806	78.48
2	CITIBANK NOMINEES SINGAPORE PTE LTD	60,666,795	6.03
3	DBS NOMINEES (PRIVATE) LIMITED	42,795,013	4.25
4	VANDA 1 INVESTMENTS PTE LTD	17,406,472	1.73
5	UOB KAY HIAN PRIVATE LIMITED	13,496,269	1.34
6	BPSS NOMINEES SINGAPORE (PTE.) LTD.	6,693,800	0.67
7	TAY YUH SHIUAN	5,507,700	0.55
8	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	3,407,981	0.34
9	OCBC SECURITIES PRIVATE LIMITED	2,576,900	0.26
10	SIM WEI WEN AVIEL	2,334,500	0.23
11	PHILLIP SECURITIES PTE LTD	2,139,900	0.21
12	WAN POH CHENG MADELINE (YIN BAOZHEN MADELINE)	2,027,700	0.20
13	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,645,600	0.16
14	DB NOMINEES (SINGAPORE) PTE LTD	1,585,700	0.16
15	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,160,300	0.12
16	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,156,700	0.11
17	IFAST FINANCIAL PTE. LTD.	1,145,900	0.11
18	LEE LAI HENG BRIAN	732,100	0.07
19	ABN AMRO CLEARING BANK N.V.	622,000	0.06
20	HENG SIEW ENG	617,000	0.06
	TOTAL	**957,658,136**	**95.14**

SHAREHOLDING STATISTICS

As at 17 March 2020

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 17 March 2020)

	Direct Interest		Deemed Interest	
	No. of Shares	**%**	**No. of Shares**	**%**
SIMCO Ltd	753,025,600	74.815	–	–
SIMCO Global Ltd.[(1)]	–	–	753,025,600	74.815
Credit Suisse Trust Limited[(1)]	–	–	753,025,600	74.815
Sim Yong Siang[(2)]	–	–	753,025,600	74.815
Sim Joo Siang[(2)]	–	–	753,025,600	74.815
Sim Wei Ling, Adeline Mrs Tan Wei Ling, Adeline[(2)]	445,200	0.044	753,025,600	74.815
Sim Wei Wen, Aviel[(2)]	2,334,500	0.232	753,025,600	74.815
Sim Wei Rong Joshua[(2)]	–	–	753,025,600	74.815
Nelly Sim Nee Tan Kheng Eng[(2)]	–	–	753,025,600	74.815
Tan Eei Choo[(2)]	–	–	753,025,600	74.815

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 753,025,600 shares of HRnetGroup Limited.

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

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

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

3. Percentage is calculated based on 1,006,522,635 issued shares, excluding treasury shares.

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 23.4% of the issued ordinary shares of the Company is held in the hands of the public as at 17 March 2020 and therefore Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited is complied with.

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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

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COMPANY SECRETARY
Ms Shirley Lim Guat Hua

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

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

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