

HRnetGroup Limited

Condensed Financial Statements

For the six months ended 30 June 2021

Table of Contents

A.	Condensed consolidated statement of profit or loss and other comprehensive income	1
B.	Condensed statements of financial position	2
C.	Condensed statements of changes in equity	3 - 5
D.	Condensed consolidated statement of cash flows	6
E.	Notes to the condensed consolidated financial statements	7 - 12
F.	Other Information Required by Listing Rule Appendix 7.2	13 - 16

A. Condensed consolidated statement of profit or loss and other comprehensive income

	Note	Six months ended 30 June			
		2021	2020	Change	
		\$'000	\$'000	\$'000	%
Revenue	3	275,095	210,337	64,758	30.8
Sub-contractor expenses		(193,280)	(147,859)	(45,421)	30.7
Gross profit ("GP")	3	81,815	62,478	19,337	31.0
Other income		14,161	8,525	5,636	66.1
Selling, general, administrative and other expenses ("SG&A"):					
Other employee benefit expenses		(41,591)	(34,527)	(7,064)	20.5
Facilities and depreciation expenses		(5,834)	(5,990)	156	(2.6)
Selling expenses		(1,537)	(1,461)	(76)	5.2
Other expenses		(2,085)	(1,058)	(1,027)	97.1
Finance costs		(207)	(235)	28	(11.9)
		(51,254)	(43,271)	(7,983)	18.4
Profit before income tax	4	44,722	27,732	16,990	61.3
Income tax expense	5	(6,662)	(5,525)	(1,137)	20.6
Profit for the period ("NPAT")		38,060	22,207	15,853	71.4
Other comprehensive income (loss):					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Net fair value gain (loss) on investments in equity instruments designated at FVTOCI		6,784	(19,088)	25,872	(135.5)
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations		455	1,470	(1,015)	(69.0)
Other comprehensive income (loss) for the period, net of tax		7,239	(17,618)	24,857	(141.1)
Total comprehensive income for the period		45,299	4,589	40,710	887.1
Profit attributable to:					
Owners of the Company ("PATMI")		35,926	20,985	14,941	71.2
Non-controlling interests		2,134	1,222	912	74.6
		38,060	22,207	15,853	71.4
Total comprehensive income attributable to:					
Owners of the Company		42,956	3,117	39,839	1278.1
Non-controlling interests		2,343	1,472	871	59.2
		45,299	4,589	40,710	887.1
Basic earnings per share (cents)		3.58	2.09		
Diluted earnings per share (cents)		3.58	2.09		

B. Condensed statements of financial position

	Note	Group		Company	
		30 June	31 December	30 June	31 December
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and cash equivalents		297,176	332,234	85,195	76,725
Trade receivables		113,041	66,261	-	-
Other receivables and prepayments		6,257	6,615	50,011	98,809
Other financial assets	10	18,172	6,886	18,172	6,886
Total current assets		434,646	411,996	153,378	182,420
Non-current assets					
Pledged deposits		1,137	988	-	-
Plant and equipment	8	1,336	1,503	-	-
Right-of-use assets		14,834	8,202	-	-
Other intangible assets		1,225	1,353	-	-
Goodwill		5,185	5,185	-	-
Subsidiaries		-	-	48,427	48,427
Other financial assets	10	32,791	21,838	32,133	21,220
Deferred tax assets		2,159	1,314	-	-
Total non-current assets		58,667	40,383	80,560	69,647
Total assets		493,313	452,379	233,938	252,067
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables		8,575	6,478	-	-
Other payables and accruals		87,672	75,591	195	4,791
Leases liabilities		8,230	5,893	-	-
Deferred considerations	10	4,975	3,942	-	-
Income tax payable		10,739	10,361	369	645
Total current liabilities		120,191	102,265	564	5,436
Non-current liabilities					
Deferred tax liabilities		305	323	-	-
Leases liabilities		6,836	2,643	-	-
Total non-current liabilities		7,141	2,966	-	-
Capital, reserves and non-controlling interests					
Share capital	9	260,605	260,605	260,605	260,605
Treasury shares	9	(5,153)	(5,153)	(5,153)	(5,153)
Equity reserve		(47,861)	(47,656)	(437)	(437)
Investments revaluation reserve		(35,879)	(42,663)	(35,879)	(42,663)
Translation reserve		1,181	935	-	-
Retained earnings		176,457	165,598	14,238	34,279
Equity attributable to owners of the Company		349,350	331,666	233,374	246,631
Non-controlling interests		16,631	15,482	-	-
Total equity		365,981	347,148	233,374	246,631
Total liabilities and equity		493,313	452,379	233,938	252,067

C. Condensed statements of changes in equity

	Note	Share capital \$'000	Treasury shares \$'000	Equity reserve \$'000	Investments revaluation reserve \$'000	Translation reserve \$'000	Retained earnings \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
<u>Group</u>										
<u>2021</u>										
Balance as at 1 Jan 2021		260,605	(5,153)	(47,656)	(42,663)	935	165,598	331,666	15,482	347,148
<i>Total comprehensive income for the period</i>										
Profit for the period		-	-	-	-	-	35,926	35,926	2,134	38,060
Other comprehensive income for the period		-	-	-	6,784	246	-	7,030	209	7,239
Total		-	-	-	6,784	246	35,926	42,956	2,343	45,299
<i>Transactions with owners, recognised directly in equity</i>										
Dividends	6	-	-	-	-	-	(25,067)	(25,067)	-	(25,067)
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	(375)	(375)
Change in ownership interests in subsidiaries		-	-	(205)	-	-	-	(205)	(819)	(1,024)
Total		-	-	(205)	-	-	(25,067)	(25,272)	(1,194)	(26,466)
Balance as at 30 Jun 2021		260,605	(5,153)	(47,861)	(35,879)	1,181	176,457	349,350	16,631	365,981

C. Condensed statements of changes in equity (cont'd)

<u>Group</u>	<u>Note</u>	Share capital \$'000	Treasury shares \$'000	Equity reserve \$'000	Share-based payment reserve \$'000	Investments revaluation reserve \$'000	Translation reserve \$'000	Retained earnings \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
<u>2020</u>											
Balance as at 1 Jan 2020		260,605	(3,631)	(47,204)	1,758	(25,241)	(240)	145,961	332,008	14,600	346,608
<i>Total comprehensive income (loss) for the period</i>											
Profit for the period		-	-	-	-	-	-	20,985	20,985	1,222	22,207
Other comprehensive (loss) income for the period		-	-	-	-	(19,088)	1,220	-	(17,868)	250	(17,618)
Total		-	-	-	-	(19,088)	1,220	20,985	3,117	1,472	4,589
<i>Transactions with owners, recognised directly in equity</i>											
Dividends	6	-	-	-	-	-	-	(28,002)	(28,002)	-	(28,002)
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	(374)	(374)
Purchase of treasury shares	9	-	(3,081)	-	-	-	-	-	(3,081)	-	(3,081)
Treasury shares reissued pursuant to Bonus Shares and GROW Shares vested under 123GROW Plan	9	-	937	-	(1,710)	-	-	773	-	-	-
Recognition of share-based payment		-	-	-	638	-	-	-	638	-	638
Capital contribution by non-controlling shareholders		-	-	-	-	-	-	-	-	300	300
Total		-	(2,144)	-	(1,072)	-	-	(27,229)	(30,445)	(74)	(30,519)
Balance as at 30 Jun 2020		260,605	(5,775)	(47,204)	686	(44,329)	980	139,717	304,680	15,998	320,678

C. Condensed statements of changes in equity (cont'd)

<u>Company</u>	<u>Note</u>	<u>Share capital</u> \$'000	<u>Treasury shares</u> \$'000	<u>Equity reserve</u> \$'000	<u>Share-based payment reserve</u> \$'000	<u>Investments revaluation reserve</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total equity</u> \$'000
2021								
Balance as at 1 Jan 2021		260,605	(5,153)	(437)	-	(42,663)	34,279	246,631
<i>Total comprehensive income for the period</i>								
Profit for the period		-	-	-	-	-	5,026	5,026
Other comprehensive income for the period		-	-	-	-	6,784	-	6,784
Total		-	-	-	-	6,784	5,026	11,810
<i>Transactions with owners, recognised directly in equity</i>								
Dividends	6	-	-	-	-	-	(25,067)	(25,067)
Total		-	-	-	-	-	(25,067)	(25,067)
Balance as at 30 Jun 2021		260,605	(5,153)	(437)	-	(35,879)	14,238	233,374
2020								
Balance as at 1 Jan 2020		260,605	(3,631)	(437)	1,758	(25,241)	34,401	267,455
<i>Total comprehensive loss for the period</i>								
Loss for the period		-	-	-	-	-	(897)	(897)
Other comprehensive loss for the period		-	-	-	-	(19,088)	-	(19,088)
Total		-	-	-	-	(19,088)	(897)	(19,985)
<i>Transactions with owners, recognised directly in equity</i>								
Dividends	6	-	-	-	-	-	(28,002)	(28,002)
Purchase of treasury shares	9	-	(3,081)	-	-	-	-	(3,081)
Treasury shares reissued pursuant to Bonus Shares and GROW Shares vested under 123GROW Plan	9	-	937	-	(1,710)	-	773	-
Recognition of share-based payment		-	-	-	638	-	-	638
Total		-	(2,144)	-	(1,072)	-	(27,229)	(30,445)
Balance as at 30 Jun 2020		260,605	(5,775)	(437)	686	(44,329)	6,275	217,025

D. Condensed consolidated statement of cash flows

	Note	Six months ended 30 June	
		2021	2020
		\$'000	\$'000
Operating activities			
Profit before income tax		44,722	27,732
Adjustments for:			
Depreciation of plant and equipment		616	565
Depreciation of right-of-use assets		3,903	4,196
Amortisation of intangible assets		158	149
Negative variable lease payments		(82)	-
Interest income		(668)	(1,357)
Finance costs		207	235
Dividend income		(237)	(351)
Share-based payment expenses		-	638
Gain on disposal of investments		(3,875)	(2,360)
Net fair value (gain) loss on financial assets mandatorily measured at FVTPL		(2,898)	3,602
Fair value loss on deferred consideration		322	-
Allowance for doubtful receivables		278	51
Operating cash flows before movements in working capital		42,446	33,100
Trade receivables		(47,066)	(8,223)
Other receivables and prepayments		122	(887)
Trade payables		2,097	315
Other payables and accruals		12,886	29,971
Cash generated from operations		10,485	54,276
Interest received		882	2,344
Interest paid		(207)	(336)
Income tax paid		(7,194)	(2,510)
Net cash from operating activities		3,966	53,774
Investing activities			
Dividends received		265	351
Purchase of plant and equipment and intangible assets		(458)	(959)
Purchase of financial assets mandatorily measured at FVTPL		(19,182)	(12,634)
Purchase of equity instruments designated at FVTOCI		-	(535)
Proceeds from disposal of investments		10,501	14,855
Consideration paid on acquisition of subsidiaries		(76)	(76)
Net cash (used in) from investing activities		(8,950)	1,002
Financing activities			
Dividends paid to non-controlling shareholders		(1,605)	(1,699)
Dividends paid	6	(25,067)	(28,002)
Net (placement) withdrawal of pledged deposits		(145)	33
Purchase of treasury shares	9	-	(3,081)
Capital contributions by non-controlling shareholders in subsidiaries		-	300
Change in ownership interests in subsidiaries		(351)	-
Repayment of lease liabilities		(3,904)	(4,009)
Net cash used in financing activities		(31,072)	(36,458)
Net (decrease) increase in cash and cash equivalents		(36,056)	18,318
Cash and cash equivalents at beginning of the period		332,234	266,162
Effect of foreign exchange rate changes		998	1,919
Cash and cash equivalents at end of the period		297,176	286,399

E. Notes to the condensed consolidated financial statements for the period ended 30 June 2021

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"). These condensed consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the "Group").

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

The principal activities of the Group are providing services on:

- (a) Professional Recruitment; and
- (b) Flexible Staffing.

2. Basis of preparation

The condensed financial statements have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* and should be read in conjunction with the annual 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 2020.

The same accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2020. The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards which have no material effect on the condensed financial statements of the Group.

2.1. Use of judgements and estimates

In preparing the condensed consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

3. Segment and revenue 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:

- (a) Professional recruitment;
- (b) Flexible staffing; and
- (c) Others.

The accounting policies of the reportable segments are the same as the Group's accounting policies applied to the consolidated financial statements as at and for the year ended 31 December 2020. 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.

Business segment revenue, gross profit and results

The following is an analysis of the Group's revenue and results by reportable segments for the six months ended 30 June:

Group	Revenue		Gross Profit	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Professional recruitment – At a point in time	44,027	35,193	43,768	35,134
Flexible staffing – Over time	229,607	174,103	36,973	26,910
Others – At a point in time	1,461	1,041	1,074	434
	<u>275,095</u>	<u>210,337</u>	<u>81,815</u>	<u>62,478</u>
			Results	
			2021 \$'000	2020 \$'000
Other income			14,161	8,525
Other employee benefit expenses			(41,591)	(34,527)
Facilities and depreciation expenses			(5,834)	(5,990)
Selling expenses			(1,537)	(1,461)
Other expenses			(2,085)	(1,058)
Finance costs			(207)	(235)
Profit before income tax			<u>44,722</u>	<u>27,732</u>

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

Geographical segment of the Group's revenue and gross profit for the six months ended 30 June

Group	Revenue		Gross Profit	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Singapore	192,168	155,185	45,968	35,067
North Asia*	72,546	50,439	32,781	25,234
Rest of Asia#	10,381	4,713	3,066	2,177
	<u>275,095</u>	<u>210,337</u>	<u>81,815</u>	<u>62,478</u>

3. Segment and revenue information (cont'd)

Geographical segment assets of the Group as at 30 June

<u>Group</u>	<u>2021</u> \$'000	<u>2020</u> \$'000
Singapore	372,579	356,068
North Asia*	111,337	88,622
Rest of Asia#	9,397	7,689
	<u>493,313</u>	<u>452,379</u>

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

4. Profit before income tax

4.1 Significant items for the six months ended

	<u>Group</u>	
	<u>2021</u> \$'000	<u>2020</u> \$'000
Net fair value gain (loss) on financial assets mandatorily measured at FVTPL ⁽¹⁾	2,898	(3,602)
Gain on disposal of investments	3,875	2,360
Government subsidies ⁽²⁾	6,069	7,788
Interest income	668	1,357
Dividend income	237	351
Depreciation of plant and equipment	(616)	(565)
Depreciation of right-of-use assets	(3,903)	(4,196)
Amortisation of intangible assets	(158)	(149)
Share-based payment expenses	-	(638)
Allowance for doubtful receivables	(278)	(51)
Foreign exchange (loss) gain	(47)	455

(1) FVTPL refers to fair value through profit or loss.

(2) Relates to Wage Credit Scheme and Special Employment Credit given by the Singapore government, and pandemic-related grants, subsidies and reliefs from the various governments of geographies that the Group operates in.

4.2 Related party transactions

There are no significant related party transactions during the six months ended 30 June 2021.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the six months ended 30 June was as follows:

	<u>Group</u>	
	<u>2021</u> \$'000	<u>2020</u> \$'000
Short-term benefits	4,160	2,001
Post-retirement benefits	69	76
Share-based payments	-	13
	<u>4,229</u>	<u>2,090</u>

5. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed consolidated statement of profit or loss for the period ended 30 June are:

	Group	
	2021	2020
	\$'000	\$'000
Current tax	7,282	5,369
Underprovision of current tax in prior year	81	26
Deferred tax	(842)	16
Withholding tax	141	114
	<u>6,662</u>	<u>5,525</u>

6. Dividends

	Group	
	2021	2020
	\$'000	\$'000
Ordinary dividends paid during the six months ended 30 June relating to final tax exempt (one-tier) dividend for financial year ended 31 December 2020 (31 December 2019)	<u>25,067</u>	<u>28,002</u>
Dividend per share (net of tax)	<u>\$0.025</u>	<u>\$0.028</u>

7. Net asset value

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	\$	\$	\$	\$
Net asset value per ordinary share	<u>0.3484</u>	<u>0.3308</u>	<u>0.2328</u>	<u>0.2460</u>

8. Plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to \$430,000 (30 June 2020: \$871,000) and disposed of assets amounting to \$Nil (30 June 2020: \$Nil)

9. Share capital and treasury shares

Share capital

	Group and Company			
	Number of shares		Issued and paid up	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	'000	'000	\$'000	\$'000
Issued and paid up	1,011,407	1,011,407	260,605	260,605

Treasury shares

	Group and Company			
	Number of treasury shares		Amount	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	'000	'000	\$'000	\$'000
At 1 January	8,735	4,334	5,153	3,631
Treasury shares purchased	-	7,147	-	3,146
Treasury shares reissued pursuant to Bonus Shares and GROW Shares vested under 123GROW Plan	-	(2,746)	-	(1,624)
At 30 June and 31 December	8,735	8,735	5,153	5,153

Save as disclosed, the Company did not have any outstanding convertibles and subsidiary holdings as at 30 June 2021 and 31 December 2020.

Number of shares held as treasury shares against total number of issued shares excluding treasury shares

	Group and Company	
	Number of shares	
	30 June 2021	31 December 2020
Issued shares	1,011,406,872	1,011,406,872
Treasury shares	(8,734,737)	(8,734,737)
Issued shares excluding treasury shares	1,002,672,135	1,002,672,135
Treasury shares as a percentage of issued shares excluding treasury shares (%)	0.8711	0.8711

10. Fair value of financial instrument

This note provides information about how the Group and Company determines fair value of various financial assets and financial liabilities.

Fair value of the Group and Company's financial assets that are measured at fair value on a recurring basis

Some of the Group and Company's financial assets and financial liabilities are measured at fair value at the end of each 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).

Financial assets / Financial liabilities	Group		Company		Fair value hierarchy	Valuation technique(s) and input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	Fair value as at (\$'000)							
	30 June 2021	31 December 2020	30 June 2021	31 December 2020				
Financial assets mandatorily measured at fair value through profit or loss								
1) Quoted equity securities	18,172	6,886	18,172	6,886	Level 1	Quoted bid prices in an active market.	N.A.	N.A.
2) Quoted debt securities	4,129	-	4,129	-	Level 1	Quoted bid prices in an active market.	N.A.	N.A.
3) Unquoted equity securities	658	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								
4) Quoted equity securities	28,004	21,220	28,004	21,220	Level 1	Quoted bid prices in an active market.	N.A.	N.A.
Others - deferred considerations in business combinations								
5) Deferred considerations	4,302	3,942	-	-	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 A)

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

There were no transfers between Level 1, 2 and 3 in the period. The carrying amounts of cash and cash equivalents, trade and other receivables and payables, and other deferred considerations approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

11. Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed financial statements.

F. Other Information Required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of HRnetGroup and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of the Group's performance

HRnetGroup Half Year 2021 Financial Results

Record Performance. Surpassed Pre-Covid Levels

- **PATMI** : S\$35.9m, up 71.2%, record high
- **Gross Profit**: S\$81.8m, up 31.0%, record high
- **Revenue** : S\$275.1m, up 30.8%, record high
- **Conversion from GP to EBITDA**: 59.8%, record high

HRnetGroup Limited (the "Group"), the largest recruitment group in Asia (ex-Japan), achieved record PATMI of S\$35.9m (2020: S\$21.0m; 2019: S\$30.8m); record Gross Profit of S\$81.8m (2020: S\$62.5m; 2019: S\$73.5m); and record Revenue of S\$275.1m (2020: S\$210.3m; 2019: S\$212.5m).

Flexible staffing ("FS")

- a. Revenue continued the growth momentum and rose by 31.9% to S\$229.6m as the number of contractors soared to an all-time-high of 17,123 in June 2021, an increase of 47.1% from June 2020; and
- b. After deducting the cost of contractors, our Gross Profit stood at a record high of S\$37.0m (2020: S\$26.9m), registering a growth of 37.4%. Gross Profit margin rose by 0.6 percentage points to 16.1% (2020: 15.5%).

Professional recruitment ("PR")

- a. Revenue increased by 25.1% to S\$44.0m (2020: S\$35.2m) as we placed 3,760 (2020: 3,545) talents, a rise of 215 in permanent jobs. As various Asian economies commenced recovery amidst vaccination programmes, pent-up demand from the hiring standstill of 2020 unleashed job openings and employment churn this year; and
- b. Gross Profit per placement increased by 17.4% as we placed more candidates in senior and niche positions that commanded higher remuneration packages. GP margin was at 99.4% (2020: 99.8%).

Overall GP margin remained at 29.7% as the PR/FS business mix of 16.0%/83.5% was fairly similar to last year's 16.7%/82.8%.

Business performed strongly across the 3 key regions for both FS and PR:

a. Singapore

- Revenue grew 23.8% to S\$192.2m with PR growth of 25.0% and FS 23.9%.
- GP grew 31.1% to S\$45.9m with FS growth of 33.5% and PR 25.0%.

b. North Asia

- Revenue grew 43.8% to S\$72.5m with FS growth of 57.3% and PR 24.7% and FS revenue rebound 204% in Mainland China, while Hong Kong and Taiwan continued the growth momentum at 99% and 36% respectively. PR revenue rebound strongly, especially in Mainland China where growth was 35%, while Hong Kong 33% and Taiwan 21%.
- GP grew 29.9% to S\$32.8m with FS growth of 57.6% and PR 23.9%.

c. Rest of Asia

- Revenue grew 120.3% to S\$10.4m and GP grew 40.8% to S\$3.1m.
- Volume growth was notably strong in FS business in Malaysia and Indonesia.

Other income increased by S\$5.7m to S\$14.2m (2020: S\$8.5m) which comprised:

- Net fair value and disposal gains on financial assets mandatorily measured at FVTPL totalling S\$6.8m (2020: loss of S\$1.2m); and
- Partially offset by government grants and subsidies totalling S\$6.2m (2020: S\$7.9m). The amount of pandemic-related assistance from various governments were scaled down this year.

Selling, general, administrative and other expenses increased by S\$8.0m to S\$51.3m (2020: S\$43.3m) mainly due to the increase by S\$7.1m in profit-sharing incentives and variable bonuses for employees, in view of the significant increases in gross profit and profit of the respective business units and the Group.

Review of the Group's Financial Positions

The Group's cash position reduced by S\$35.0m to S\$297.2m mainly due to:

- S\$4.0m generated from operating activities mainly comprising S\$42.4m operating cash flows before movements in working capital, S\$(47.1m) increase in trade receivables, S\$2.1m increase in trade payables, S\$12.9m increase in other payables and accruals, offset by S\$7.2m income tax paid;
- S\$(8.9m) used in investing activities mainly comprising S\$(19.2m) purchase of financial assets mandatorily measured at FVTPL offset by S\$10.5m proceeds from disposal of investments;
- S\$(31.1m) used in financing activities mainly comprising S\$(26.7m) dividends paid and S\$(3.9m) repayment of lease liabilities; and
- S\$1.0m arising from the effect of foreign exchange rate changes on cash & cash equivalents.

Trade receivables increased by S\$46.8m due to ramp up of sales over the months towards the half year end as most of the outstanding amounts are within credit terms.

Other financial assets (current) increased by S\$11.3m due to the net addition of HR-related marketable securities in our investment portfolio.

Other financial assets (non-current) increased by S\$11.0m, of which S\$6.8m represents the market price movements of our investments in Staffline and Bamboos and this impact is similarly reflected in the change in investments revaluation reserve. Another S\$4.1m increase relates to a quoted debt instrument that is of investment grade for interest yield.

Other payables and accruals increased by S\$12.1m mainly due to accruals of payroll, profit-sharing incentives and variable bonuses.

Deferred considerations increased by S\$1.0m arose from S\$0.7m payable to a co-owner in respect of the exercise of a share swap under 88GLOW announced on 7 June 2021 and was paid by way of transfer of treasury shares on 23 July 2021; and a further adjustment of S\$0.3m to the final cash consideration payable to the vendors of REForce.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

- a. Strong local employment within all geographies is predicated upon restricted movement across borders. Current talent needs gravitate towards a limited pool that is in high demand, not just for specific skillsets in areas such as digitalisation, but also for the candidates' attributes of adaptability, tenacity and getting things done within a highly fluid business environment.
- b. PR needs are expected to continue to increase for senior, niche and mission-critical positions to execute companies' strategic transformational plans in the new norm. Continued recovery of PR volumes relating to mid-level permanent positions would depend on the re-opening of economies that we operate in. That in turn would depend on the vaccination rate of the respective geographies which are now progressing not in unison.
- c. FS volume growth is expected to continue as various sectors and organisations choosing to cope with change in manpower needs without committing to permanent headcount. The roles will evolve over time as business needs continuously change across different phases post-vaccination. We foresee that the current pandemic will unlikely resolve in the next 6 months. Accordingly, in the light of the efforts by the government and the private sector to deal with the health crisis, the evolving demand for contractors to cope with the contingencies which has helped us in our business is likely to remain.
- d. The Group has been on the drive to build the capabilities, knowledge and skills of our leaders and our people, so that we have the superior service quality, speed and attributes to ride on the pockets of growth and opportunities within our various specialisations. We continue to be cautiously optimistic of the outlook for 2H 2021 and remains vigilant to make necessary adjustments to continue on the path of growth despite the external environment.

5. Dividend

a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on? No

b. Corresponding Period of the Immediate Preceding Financial Year

Any dividend recommended for the corresponding period of the immediately preceding financial year? No

c. Date payable

Not applicable.

d. Books Closure Date

Not applicable.

6. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

7. Use of IPO Proceeds

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

The utilisation of the gross proceeds from the Company's initial public offering as of 30 June 2021 is set out as below:

	Amount utilised
	S\$ million
Purchase of equity instrument designated at FVTOCI	64.0
Purchase of financial assets mandatorily measured at FVTPL	38.1
Start-up of subsidiaries	7.6
Acquisition and investment in subsidiaries	4.2
Underwriting commission	4.7
Professional fees and other miscellaneous expenses (including listing fees)	4.5
	<u>123.1</u>

8. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Sim Yong Siang
Founding Chairman

Adeline Sim Wei Ling
Chief Legal Officer and Executive Director

Singapore
13 August 2021