

HRnetGroup Limited

Condensed Financial Statements

For the six month and full year ended 31 December 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 - 19

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

	Note	Group					
		Six months ended 31 December			Year ended 31 December		
		2021	2020	Change	2021	2020	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Revenue	3	315,445	222,704	41.6	590,540	433,041	36.4
Sub-contractor expenses		(222,357)	(155,836)	42.7	(415,637)	(303,695)	36.9
Gross profit ("GP")	3	93,088	66,868	39.2	174,903	129,346	35.2
Other income		1,781	9,301	(80.9)	15,942	17,826	(10.6)
Selling, general, administrative and other expenses ("SG&A"):							
Other employee benefit expenses		(46,166)	(34,597)	33.4	(87,757)	(69,124)	27.0
Facilities and depreciation expenses		(5,795)	(5,927)	(2.2)	(11,629)	(11,917)	(2.4)
Selling expenses		(1,356)	(2,025)	(33.0)	(2,893)	(3,486)	(17.0)
Other expenses		(1,226)	(2,139)	(42.7)	(3,311)	(3,197)	3.6
Finance costs		(265)	(178)	48.9	(472)	(413)	14.3
		(54,808)	(44,866)	22.2	(106,062)	(88,137)	20.3
Profit before income tax	4	40,061	31,303	28.0	84,783	59,035	43.6
Income tax expense	5	(7,854)	(3,721)	111.1	(14,516)	(9,246)	57.0
Profit for the year ("NPAT")		32,207	27,582	16.8	70,267	49,789	41.1
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		448	1,666	(73.1)	7,232	(17,422)	(141.5)
<i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on translation of foreign operations		338	25	1,252.0	793	1,495	(47.0)
Other comprehensive income (loss) for the year, net of tax		786	1,691	(53.5)	8,025	(15,927)	(150.4)
Total comprehensive income for the year		32,993	29,273	12.7	78,292	33,862	131.2
Profit attributable to:							
Owners of the Company ("PATMI")		29,564	25,880	14.2	65,490	46,865	39.7
Non-controlling interests		2,643	1,702	55.3	4,777	2,924	63.4
		32,207	27,582	16.8	70,267	49,789	41.1
Total comprehensive income attributable to:							
Owners of the Company		30,259	27,501	10.0	73,215	30,618	139.1
Non-controlling interests		2,734	1,772	54.3	5,077	3,244	56.5
		32,993	29,273	12.7	78,292	33,862	131.2
Basic earnings per share (cents)		2.95	2.58		6.53	4.67	
Diluted earnings per share (cents)		2.95	2.58		6.53	4.67	

B. Condensed statements of financial position

	Note	Group		Company	
		31 December	31 December	31 December	31 December
		2021	2020	2021	2020
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and cash equivalents		327,078	332,234	90,448	76,725
Trade receivables		114,194	66,261	-	-
Other receivables and prepayments		5,444	6,615	67,035	98,809
Other financial assets	10	24,959	6,886	24,959	6,886
Total current assets		471,675	411,996	182,442	182,420
Non-current assets					
Pledged deposits		1,141	988	-	-
Plant and equipment	8	1,478	1,503	-	-
Right-of-use assets		12,622	8,202	-	-
Other intangible assets		1,284	1,353	-	-
Goodwill		5,185	5,185	-	-
Subsidiaries		-	-	48,427	48,427
Other financial assets	10	35,080	21,838	34,422	21,220
Deferred tax assets		1,845	1,314	-	-
Total non-current assets		58,635	40,383	82,849	69,647
Total assets		530,310	452,379	265,291	252,067
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables		9,470	6,478	-	-
Other payables and accruals		107,132	75,591	10,217	4,791
Leases liabilities		6,392	5,893	-	-
Deferred considerations	10	-	3,942	-	-
Income tax payable		12,693	10,361	142	645
Total current liabilities		135,687	102,265	10,359	5,436
Non-current liabilities					
Deferred tax liabilities		309	323	-	-
Leases liabilities		6,458	2,643	-	-
Total non-current liabilities		6,767	2,966	-	-
Capital, reserves and non-controlling interests					
Share capital	9	260,605	260,605	260,605	260,605
Treasury shares	9	(4,503)	(5,153)	(4,503)	(5,153)
Equity reserve		(47,838)	(47,656)	(437)	(437)
Share-based payment reserve		-	-	-	-
Investments revaluation reserve		(35,431)	(42,663)	(35,431)	(42,663)
Translation reserve		1,428	935	-	-
Retained earnings		195,983	165,598	34,698	34,279
Equity attributable to owners of the Company		370,244	331,666	254,932	246,631
Non-controlling interests		17,612	15,482	-	-
Total equity		387,856	347,148	254,932	246,631
Total liabilities and equity		530,310	452,379	265,291	252,067

C. Condensed statements of changes in equity

<u>Group</u>	<u>Note</u>	Share capital	Treasury shares	Equity reserve	Investments revaluation reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>2021</u>										
Balance as at 1 January 2021		260,605	(5,153)	(47,656)	(42,663)	935	165,598	331,666	15,482	347,148
<i>Total comprehensive income for the year</i>										
Profit for the year		-	-	-	-	-	65,490	65,490	4,777	70,267
Other comprehensive income for the year		-	-	-	7,232	493	-	7,725	300	8,025
Total		-	-	-	7,232	493	65,490	73,215	5,077	78,292
<i>Transactions with owners, recognised directly in equity</i>										
Dividends	6	-	-	-	-	-	(35,105)	(35,105)	-	(35,105)
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	(2,128)	(2,128)
Treasury shares reissued pursuant to 88Glow Plan	9	-	650	23	-	-	-	673	-	673
Change in ownership interests in subsidiaries		-	-	(205)	-	-	-	(205)	(819)	(1,024)
Total		-	650	(182)	-	-	(35,105)	(34,637)	(2,947)	(37,584)
Balance as at 31 December 2021		260,605	(4,503)	(47,838)	(35,431)	1,428	195,983	370,244	17,612	387,856

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

<u>Group</u>	<u>Note</u>	Share capital S\$'000	Treasury shares S\$'000	Equity reserve S\$'000	Share-based payment reserve S\$'000	Investments revaluation reserve S\$'000	Translation reserve S\$'000	Retained earnings S\$'000	Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
<u>2020</u>											
Balance as at 1 January 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 year</i>											
Profit for the year		-	-	-	-	-	-	46,865	46,865	2,924	49,789
Other comprehensive (loss) income for the year		-	-	-	-	(17,422)	1,175	-	(16,247)	320	(15,927)
Total		-	-	-	-	(17,442)	1,175	46,865	30,618	3,244	33,862
<i>Transactions with owners, recognised directly in equity</i>											
Dividends	6	-	-	-	-	-	-	(28,002)	(28,002)	-	(28,002)
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	(1,635)	(1,635)
Purchase of treasury shares	9	-	(3,146)	-	-	-	-	-	(3,146)	-	(3,146)
Treasury shares reissued pursuant to Bonus Shares and GROW Shares vested under 123GROW Plan	9	-	1,624	-	(2,398)	-	-	774	-	-	-
Recognition of share-based payment		-	-	-	640	-	-	-	640	-	640
Capital contribution by non-controlling shareholders		-	-	-	-	-	-	-	-	300	300
Change in ownership interests in subsidiaries		-	-	(452)	-	-	-	-	(452)	(1,027)	(1,479)
Total		-	(1,522)	(452)	(1,758)	-	-	(27,228)	(30,960)	(2,362)	(33,322)
Balance as at 31 December 2020		260,605	(5,153)	(47,656)	-	(42,663)	935	165,598	331,666	15,482	347,148

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

<u>Company</u>	<u>Note</u>	Share capital S\$'000	Treasury shares S\$'000	Equity reserve S\$'000	Share-based payment reserve S\$'000	Investments revaluation reserve S\$'000	Retained earnings S\$'000	Total equity S\$'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 year</i>								
Profit for the year		-	-	-	-	-	35,524	35,524
Other comprehensive income for the year		-	-	-	-	7,232	-	7,232
Total		-	-	-	-	7,232	35,524	42,756
<i>Transactions with owners, recognised directly in equity</i>								
Dividends	6	-	-	-	-	-	(35,105)	(35,105)
Treasury shares reissued pursuant to 88Glow Plan	9	-	650	-	-	-	-	650
Total		-	650	-	-	-	(35,105)	(34,455)
Balance as at 31 Dec 2021		260,605	(4,503)	(437)	-	(35,431)	34,698	254,932
2020								
Balance as at 1 Jan 2020		260,605	(3,631)	(437)	1,758	(25,241)	34,401	267,455
<i>Total comprehensive income for the year</i>								
Profit for the year		-	-	-	-	-	27,106	27,106
Other comprehensive loss for the year		-	-	-	-	(17,422)	-	(17,422)
Total		-	-	-	-	(17,422)	27,106	9,684
<i>Transactions with owners, recognised directly in equity</i>								
Dividends	6	-	-	-	-	-	(28,002)	(28,002)
Purchase of treasury shares	9	-	(3,146)	-	-	-	-	(3,146)
Treasury shares reissued pursuant to Bonus Shares and GROW Shares vested under 123GROW Plan	9	-	1,624	-	(2,398)	-	774	-
Recognition of share-based payment		-	-	-	640	-	-	640
Total		-	(1,522)	-	(1,758)	-	(27,228)	(30,508)
Balance as at 31 Dec 2020		260,605	(5,153)	(437)	-	(42,663)	34,279	246,631

D. Condensed consolidated statement of cash flows

	Note	Group	
		2021 S\$'000	2020 S\$'000
Operating activities			
Profit before income tax		84,783	59,035
Adjustments for:			
Depreciation of plant and equipment		1,196	1,169
Depreciation of right-of-use assets		7,618	8,282
Amortisation of intangible assets		304	305
Negative variable lease payments		(82)	(64)
Interest income		(1,293)	(2,177)
Finance costs		473	413
Dividend income		(873)	(629)
Share-based payment expenses		-	640
Gain on disposal of investments		(3,877)	(2,551)
Net fair value (gain) loss on financial assets mandatorily measured at FVTPL		(520)	1,113
Fair value loss on deferred consideration		235	928
Allowance for doubtful receivables		124	781
Operating cash flows before movements in working capital		88,088	67,245
Trade receivables		(48,063)	7,667
Other receivables and prepayments		1,067	(570)
Trade payables		2,994	444
Other payables and accruals		20,459	36,492
Cash generated from operations		64,545	111,278
Interest received		1,418	3,129
Interest paid		(473)	(413)
Income tax paid		(12,812)	(9,534)
Net cash from operating activities		52,678	104,460
Investing activities			
Dividends received		845	540
Purchase of plant and equipment and intangible assets		(1,375)	(1,231)
Purchase of financial assets mandatorily measured at FVTPL		(30,187)	(14,926)
Purchase of equity instruments designated at FVTOCI		-	(527)
Proceeds from disposal of investments		10,501	18,033
Consideration paid on acquisition of subsidiaries		(4,349)	(76)
Net cash (used in) from investing activities		(24,565)	1,813
Financing activities			
Dividends paid to non-controlling shareholders		(1,669)	(2,066)
Dividends paid	6	(25,067)	(28,002)
Net (placement) withdrawal of pledged deposits		(145)	34
Purchase of treasury shares	9	-	(3,146)
Change in ownership interests in subsidiaries		(351)	(1,479)
Capital contributions by non-controlling shareholders in subsidiaries		-	300
Repayment of lease liabilities		(7,622)	(8,022)
Net cash used in financing activities		(34,854)	(42,381)
Net (decrease) increase in cash and cash equivalents		(6,741)	63,892
Cash and cash equivalents at beginning of the year		332,234	266,162
Effect of foreign exchange rate changes		1,585	2,180
Cash and cash equivalents at end of the year		327,078	332,234

E. Notes to the condensed consolidated financial statements for the year ended 31 December 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 year ended 31 December 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 and the year ended 31 December:

	Revenue				Gross Profit			
	Six months ended		Year ended		Six months ended		Year ended	
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2021	2020	2021	2020	2021	2020	2021	2020
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Professional recruitment	50,752	37,402	94,779	72,595	50,329	37,269	94,097	72,403
- At a point in time								
Flexible staffing	263,021	183,449	492,628	357,552	41,347	28,440	78,320	55,350
- Over time								
Others	1,672	1,853	3,133	2,894	1,412	1,159	2,486	1,593
- At a point in time								
	<u>315,445</u>	<u>222,704</u>	<u>590,540</u>	<u>433,041</u>	<u>93,088</u>	<u>66,868</u>	<u>174,903</u>	<u>129,346</u>

	Results			
	Six months ended		Year ended	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Other income	1,781	9,301	15,942	17,826
Other employee benefit expenses	(46,166)	(34,597)	(87,757)	(69,124)
Facilities and depreciation expenses	(5,795)	(5,927)	(11,629)	(11,917)
Selling expenses	(1,356)	(2,025)	(2,893)	(3,486)
Other expenses	(1,226)	(2,139)	(3,311)	(3,197)
Finance costs	(265)	(178)	(472)	(413)
Profit before income tax	<u>40,061</u>	<u>31,303</u>	<u>84,783</u>	<u>59,035</u>

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

3. Segment and revenue information (cont'd)

Geographical segment of the Group's revenue and gross profit for the six months and the year ended 31 December

Group	Revenue				Gross Profit			
	Six months ended		Year ended		Six months ended		Year ended	
	31 December		31 December		31 December		31 December	
	2021	2020	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	218,673	156,742	410,841	311,927	51,561	35,447	97,529	70,514
North Asia*	86,104	60,320	158,650	110,759	38,895	29,478	71,676	54,712
Rest of Asia#	10,668	5,642	21,049	10,355	2,632	1,943	5,698	4,120
	<u>315,445</u>	<u>222,704</u>	<u>590,540</u>	<u>433,041</u>	<u>93,088</u>	<u>66,868</u>	<u>174,903</u>	<u>129,346</u>

Geographical segment assets of the Group as at 31 December

Group	2021	2020
	S\$'000	S\$'000
Singapore	414,432	356,068
North Asia*	106,700	88,622
Rest of Asia#	<u>9,178</u>	<u>7,689</u>
	<u>530,310</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

	Group			
	Six months ended		Year ended	
	31 December		31 December	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Net fair value (loss) gain on financial assets mandatorily measured at FVTPL ⁽¹⁾	(2,378)	2,489	520	(1,113)
Gain on disposal of investments	-	191	3,877	2,551
Government subsidies ⁽²⁾	2,643	3,890	8,712	11,678
Interest income	625	820	1,293	2,177
Dividend income	636	278	873	629
Depreciation of plant and equipment	(580)	(604)	(1,196)	(1,169)
Depreciation of right-of-use assets	(3,715)	(4,086)	(7,618)	(8,282)
Amortisation of intangible assets	(146)	(156)	(304)	(305)
Share-based payment expenses	-	-	-	(640)
Foreign exchange (loss) gain	(74)	(5)	(121)	450
Write-back (allowance) for doubtful receivables	154	(730)	(124)	(781)

(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. Profit before income tax (cont'd)

4.2 Related party transactions

There are no significant related party transactions during the six months and the year ended 31 December 2021.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the six months and the year ended 31 December was as follows:

	Group			
	Six months ended		Year ended	
	31 December		31 December	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Short-term benefits	4,746	2,217	8,906	4,218
Post-retirement benefits	69	51	138	127
Share-based payments	-	-	-	13
	4,815	2,268	9,044	4,358

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 six months and the year ended 31 December are:

	Group			
	Six months ended		Year ended	
	31 December		31 December	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Current tax	7,244	4,660	14,526	10,029
(Over) Under provision of current tax in prior year	(45)	(707)	36	(681)
Deferred tax	304	(533)	(538)	(517)
Withholding tax	351	301	492	415
	7,854	3,721	14,516	9,246

6. Dividends

	Group	
	2021	2020
	S\$'000	S\$'000
Ordinary dividends paid		
Final dividends of 2.5 cents (2020: 2.8 cents) tax exempt (one-tier) per share paid in respect of prior financial year	25,067	28,002
Ordinary dividends unpaid		
Special dividends of 1.0 cents (2020: nil) tax exempt (one-tier) per share in respect of the financial year	10,038	-

7. Net asset value

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	S\$	S\$	S\$	S\$
Net asset value per ordinary share	0.3689	0.3308	0.2540	0.2460

8. Plant and equipment

During the year ended 31 December 2021, the Group acquired assets amounting to S\$1,140,000 (31 December 2020: S\$1,074,000) and disposed of assets amounting to S\$1,867,000 (31 December 2020: S\$311,000).

9. Share capital and treasury shares

Share capital

	Group and Company			
	Number of shares		Issued and paid up	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	'000	'000	S\$'000	S\$'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	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	'000	'000	S\$'000	S\$'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)
Treasury shares reissued pursuant to 88Glow Plan	(1,101)	-	(650)	-
At 31 December	7,634	8,735	4,503	5,153

Save as disclosed, the Company did not have any outstanding convertibles and subsidiary holdings as at 31 December 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	
	31 December 2021	31 December 2020
Issued shares	1,011,406,872	1,011,406,872
Treasury shares	(7,633,484)	(8,734,737)
Issued shares excluding treasury shares	1,003,773,388	1,002,672,135
Treasury shares as a percentage of issued shares excluding treasury shares (%)	0.7605	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 (S\$'000)							
	31 December 2021	31 December 2020	31 December 2021	31 December 2020				
Financial assets mandatorily measured at fair value through profit or loss								
1) Quoted equity securities	24,959	6,886	24,959	6,886	Level 1	Quoted bid prices in an active market.	N.A.	N.A.
2) Quoted debt securities	5,970	-	5,970	-	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	28,452	21,220	28,452	21,220	Level 1	Quoted bid prices in an active market.	N.A.	N.A.
Others - deferred considerations in business combinations								
5) Deferred considerations	-	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 31 December 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 year then ended and certain explanatory notes have not been audited or reviewed.

2. Review of the Group's performance

FY2021 Financial Results

Best Performance In History Record Dividend Payout

- **Dividends:** S\$40.2m, up 60.2%. 57% NPAT payout. 5.3% yield¹
- **Net Profit After Tax:** S\$70.3m, up 41.1%. Profit margin 11.9%
- **Gross Profit:** S\$174.9m, up 35.2%
- **Revenue:** S\$590.5m, up 36.4%
- **Cash²:** S\$327.1m
- **Contractors** helped³: 54,448
- **Permanent job placements:** 7,794

¹ Based on the aggregate of S\$0.01 special dividend per share paid on 11 January 2022 and S\$0.03 proposed dividend per share, divided by the closing price of S\$0.75 on 24 February 2022. Proposed dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting

² Refers to cash and cash equivalents

³ Refers to unique contractor headcounts for the year

HRnetGroup Limited (the "Group"), with 1,105 people and 12 brands operating in 13 Asian cities, achieved record PATMI of S\$65.5m (2020: S\$46.9m; 2019: S\$51.6m); record Gross Profit of S\$174.9m (2020: S\$129.3m; 2019: S\$145.6m); and record Revenue of S\$590.5m (2020: S\$433.0m; 2019: S\$423.1m). All geographies experienced double-digit percentage growth in term of Revenue.

Flexible staffing ("FS")

- a. Revenue accelerated in growth momentum and rose by 37.8% to S\$492.6m as the number of monthly contractors soared to an all-time-high of 19,280 in December 2021, an increase of 34.4% from December 2020; and
- b. After deducting the cost of contractors, our Gross Profit stood at a record high of S\$78.3m (2020: S\$55.4m), registering a growth of 41.5%. Gross Profit margin rose by 0.4 percentage points to 15.9% (2020: 15.5%).

Professional recruitment ("PR")

- a. Revenue increased by 30.6% to S\$94.8m (2020: S\$72.6m) as we placed 7,794 (2020: 7,022) talents, a rise of 772 in permanent jobs; and
- b. Gross Profit per placement increased by 17.1%. Gross Profit margin was at 99.3% (2020: 99.7%).

Overall GP margin stood at 29.6% (2020: 29.9%) with the PR/FS business revenue mix of 16.0%/83.4% remaining fairly similar to last year's 16.8%/82.6%.

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

- a. Singapore
 - Revenue grew 31.7% to S\$410.8m with PR growth of 37.2% and FS 31.5%.
 - GP grew 38.3% to S\$97.5m with FS growth of 38.6% and PR 37.2%.

- b. North Asia
 - Revenue grew 43.2% to S\$158.7m with FS growth of 55.1% and PR 27.4%.
 - GP grew 31.0% to S\$71.7m with FS growth of 55.3% and PR 26.5%.
- c. Rest of Asia
 - Revenue grew 103.3% to S\$21.0m with FS growth 138.7% and PR 30.3%.
 - GP grew 38.3% to S\$5.7m with FS growth of 83.2% and PR 30.3%.

Other income decreased by S\$(1.9m) to S\$15.9m (2020: S\$17.8m) which comprised:

- a. Government grants and subsidies totalling S\$8.7m (2020: S\$11.7m), with the amount of pandemic-related assistance from various governments being scaled down by S\$3.0m this year; and
- b. Net fair value and disposal gains on financial assets mandatorily measured at FVTPL totalling S\$4.4m (2020: S\$1.4m).

Selling, general, administrative and other expenses increased by S\$17.9m to S\$106.1m (2020: S\$88.1m) mainly due to the increase by S\$16.5m in profit-sharing incentives and variable bonuses for employees, in line with the significant increases in gross profit and profit of the respective business units and the Group.

Half Year Results ended 31 December 2021

PATMI increased by 14.2% to S\$29.6m, Gross Profit rose by 39.2% to S\$93.1m and Revenue rose by 41.6% to S\$315.4m. Operating profit before tax rose 74.0% as a result of strong performance of both FS and PR business segments across the geographies. Other income fell (80.9)% to S\$1.8m primarily because of the reduction of S\$1.3m in pandemic-related government grants and subsidies and S\$(2.4m) of unrealised loss against last year's S\$2.5m gain on the revaluation of financial assets marked to market.

Review of the Group's Financial Positions

The Group's cash position reduced by S\$(5.1m) to S\$327.1m mainly due to:

- a. S\$52.7m generated from operating activities mainly comprising S\$88.1m operating cash flows before movements in working capital, offset by S\$(48.1m) increase in trade receivables, S\$3.0m increase in trade payables, S\$20.5m increase in other payables and accruals, offset by S\$(12.8m) income tax paid;
- b. S\$(24.6m) used in investing activities mainly comprising S\$(30.2m) purchase of financial assets mandatorily measured at FVTPL; S\$(4.3m) final tranche of consideration paid on acquisition of REForce and Rimbun; offset by S\$10.5m proceeds from disposal of investments;
- c. S\$(34.8m) used in financing activities mainly comprising S\$(26.7m) dividends paid and S\$(7.6m) repayment of lease liabilities; and
- d. S\$1.6m arising from the effect of foreign exchange rate changes on cash & cash equivalents.

Trade receivables increased by S\$48.0m due to ramp up of sales over the months towards the year end as most of the outstanding amounts are within credit terms.

Other financial assets (current) increased by S\$18.1m due to the net addition of marketable securities in our investment portfolio that was generally HR-related.

Other financial assets (non-current) increased by S\$13.2m of which S\$7.3m was due to the positive 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\$5.9m increase relates to quoted debt instruments that is of investment grade for interest yield.

Other payables and accruals increased by S\$31.5m mainly due to accruals of payroll, profit-sharing incentives and variable bonuses, and unearned revenue, as well as dividend payable S\$10.5m substantially the special dividend of S\$0.01 per share declared that was paid out on 11 January 2022.

Deferred considerations was reduced by S\$3.9m as payment was made for the final tranches of consideration relating to acquisition of REForce and Rimbun.

Income tax payable increased by S\$2.3m as the provision for taxes increased with the higher profits generated.

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

Singapore

Business recovery is expected to be more broad-based across sectors and the regions as borders begin to re-open with more Vaccinated Travel Lanes (VTL), compared to the last 2 years which were largely driven by government, healthcare and technology sectors.

Singapore's labour market has been on the recovery track. According to the December 2021 report by the Singapore Ministry of Manpower (MOM)¹, the employment rate rose from 64.5% in June 2020 to 67.2% in June 2021². The share of professionals, managers, executives & technicians (PMETs) among employed residents rose at a faster pace compared to earlier years; from 58.4% in 2019, 59.9% in 2020 to 62.1% in 2021. Resident employees with fixed term contracts also increased from 7.3% in 2020 to 8.4% in 2021, reflecting an increase in demand for temporary manpower for COVID-related activities and economic uncertainty. The monthly unemployment rate fell from 3.5% in September 2020 to 2.4% in December 2021. The local labour pool has also seen gross monthly incomes for residents surpassing its pre-pandemic level³.

As the market leader with more than 200 recruitment consultants under 7 brands in Singapore, the Group is poised to ride on the wave of demand for both professional recruitment and flexible staffing.

Mainland China

Mainland China reported a GDP growth of 8.1% for 2021⁴, exceeding the government's target of "above 6%" for the year. Total retail sales of consumer goods increased 12.5% for 2021⁵ while the Purchasing Managers Index (PMI) came in at 50.3 for December 2021⁶. As it pivots its economy towards greater self-reliance through the "dual circulation" strategy, sectors that fall within these themes, such as high-end technology inputs, and business related to Belt and Road Initiative (BRI) will stand to benefit⁷.

The surveyed urban unemployment rate stood at 5.1%, 0.5%-point lower than previous year and lower than the targeted 5.5%⁸. According to the State Council's five-year plan on boosting employment, it plans to add more than 55 million new urban jobs by 2025, while the country's labour force, is expecting a wave of retirements amounting to as many as 10 million employees annually from 2022 onwards.

The employment churn presents a huge opportunity for the Group's 4 brands with more than 200 recruitment consultants operating in first-tier growth cities Shanghai, Beijing, Suzhou, Shenzhen and Guangzhou. We will continue to invest in Mainland China, the GDP of which is expected to rank number 1 in 2031⁹.

¹ [Singapore Ministry of Manpower, Labour Market Advance Release 2021](#) P.2, P.7

² [Singapore Ministry of Manpower, Labour Force in Singapore Advance Release 2021](#) P.vi, P.4

³ [Singapore Ministry of Manpower, Summary Table: Income](#)

⁴ [National Bureau of Statistics of China, Preliminary Accounting Results of GDP for the Fourth Quarter and the Whole Year of 2021](#)

⁵ [National Bureau of Statistics of China, Total Retail Sales of Consumer Goods in 2021](#)

⁶ [National Bureau of Statistics of China, Purchasing Managers Index for December 2021](#)

⁷ [Bruegel, What is behind China's Dual Circulation Strategy?](#)

⁸ [National Bureau of Statistics of China, National Economy Continued to Recover with Expected Development Targets Well Achieved in 2021](#)

⁹ [JP Morgan, Guide to China 1Q 2022](#) P.4

5. Dividend

a. Current Financial Period Reported on

For the financial year ended 31 December 2021, a tax-exempt (one-tier) special dividend of 1.0 cents per ordinary share was paid to registered shareholders on 11 January 2022.

The Directors are pleased to propose the payment of a tax-exempt (one-tier) final dividend of 3.0 cents per ordinary share, in respect of the financial year ended 31 December 2021, subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

b. Corresponding Period of the Immediate Preceding Financial Year

For the financial year ended 31 December 2020, a tax-exempt (one-tier) final interim dividend of 2.5 cents per ordinary share was paid to registered shareholders.

c. Date payable

Subject to approval by the shareholders at the forthcoming Annual General Meeting, the payment date of the proposed dividend will be announced at a later date.

d. Books Closure Date

Subject to approval by the shareholders at the forthcoming Annual General Meeting, the books closure date will be announced at a later date.

6. Interested person transactions

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

7. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to Part F Note 2.

8. A breakdown of sales

Breakdown of Revenue and Results

	Group		
	2021	2020	Change
	S\$'000	S\$'000	%
First Half			
Revenue reported for the first half-year	275,095	210,337	30.8
Profit after tax reported for the first half-year	38,060	22,207	71.4
Second Half			
Revenue reported for the second half-year	315,445	222,704	41.6
Profit after tax reported for the second half-year	32,207 ¹	27,582	16.8

¹ Profit after tax reported for 2H 2021 was lower than that of 1H 2021 as S\$7.7m increase in Operating Profit (GP less SG&A) was more than offset by S\$12.4m reduction in Other Income. Other Income was lower in 2H 2021 because of government grants reduced by \$3.4m and there were S\$(2.4m) losses arising from revaluation and disposal of financial assets mandatorily measured at FVTPL in 2H compared to S\$6.8m gains in 1H.

9. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	2021	2020
	S\$'000	S\$'000
Ordinary shares (tax exempt one-tier)		
- Special	10,038	-
- Final#	30,113	25,067
Total Annual Dividend	40,151	25,067

The proposed final tax exempt one-tier dividends in respect of 2021 is subject to shareholders' approval at the forthcoming Annual General Meeting of the company.

10. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Sim Yong Siang	69	Brother of Sim Joo Siang (Executive Director and Deemed Substantial Shareholder of HRnetGroup Limited, Director of Recruit Express Pte Ltd). Father of Sim Wei Ling, Adeline (Director, Deemed Substantial Shareholder and Chief Legal Officer of HRnetGroup Limited). Husband of Sim Nelly Nee Tan Kheng Eng (Deemed Substantial Shareholder of HRnetGroup Limited, Director of HRnet One Pte Ltd). Father of Sim Wei Wen, Aviel (Deemed Substantial Shareholder of HRnetGroup Limited).	Founding Chairman and Executive Director of the Company since 21 September 2016, Director of HRnet One Pte Ltd since 9 April 1992, Recruit Express Pte Ltd since 22 February 1996.	None

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Sim Joo Siang	65	<p>Brother of Sim Yong Siang (Founding Chairman, Executive Director and Deemed Substantial Shareholder of HRnetGroup Limited, Director of HRnet One Pte Ltd).</p> <p>Uncle of Sim Wei Ling, Adeline (Director, Deemed Substantial Shareholder and Chief Legal Officer of HRnetGroup Limited).</p> <p>Brother-in-law of Sim Nelly Nee Tan Kheng Eng (Deemed Substantial Shareholder of HRnetGroup Limited, Director of HRnet One Pte Ltd).</p> <p>Uncle of Sim Wei Wen, Aviel (Deemed Substantial Shareholder of HRnetGroup Limited).</p>	Executive Director of the Company since 21 September 2016, Director of Recruit Express Pte Ltd since 1 April 1999.	None
Sim Wei Ling, Adeline	42	<p>Daughter of Sim Yong Siang (Founding Chairman, Executive Director and Deemed Substantial Shareholder of HRnetGroup Limited, Director of HRnet One Pte Ltd, Recruit Express Pte Ltd).</p> <p>Niece of Sim Joo Siang (Executive Director and Deemed Substantial Shareholder of HRnetGroup Limited, Director of Recruit Express Pte Ltd).</p> <p>Daughter of Sim Nelly Nee Tan Kheng Eng (Deemed Substantial Shareholder of HRnetGroup Limited, Director of HRnet One Pte Ltd).</p> <p>Sister of Sim Wei Wen, Aviel (Deemed Substantial Shareholder of HRnetGroup Limited).</p>	Executive Director of the Company since 16 May 2019, Chief Legal Officer of the Company since 26 February 2020.	None

11. Use of IPO Proceeds

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

The utilisation of the gross proceeds from the Company's initial public offering as of 31 December 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
Acquisition and investment in subsidiaries	8.4
Start-up of subsidiaries	7.6
Underwriting commission	4.7
Professional fees and other miscellaneous expenses (including listing fees)	4.5
	<hr/> <hr/> 127.3

12. 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 year ended 31 December 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
25 February 2022