

HRNETGROUP LIMITED
Company Registration No. 201625854G
(Incorporated in Singapore)
(the “Company”)

MINUTES OF ANNUAL GENERAL MEETING

DATE AND TIME	: Wednesday, 26 April 2023 at 10.00 a.m.
PLACE	: By way of electronic means
PRESENT	: As per the attendance list of the (i) Directors of the Company; (ii) Shareholders of the Company registered electronically in accordance with the procedure set out in the Notice of Annual General Meeting dated 11 April 2023; (iii) Professionals; and (iv) Invitees
CHAIRMAN OF THE BOARD	: Mr Sim Yong Siang (“ Mr Peter Sim ”)
CHAIRMAN OF THE MEETING	: Ms Sim Wei Ling, Adeline (Mrs Tan Wei Ling, Adeline)

WELCOME ADDRESS

Mr Fadzlin Rashid, the Communications Leader of the Company, welcomed the attendees who had joined the Company’s virtual Annual General Meeting (“**AGM**” or the “**Meeting**”).

A HRnetGroup Introductory video was played at the Meeting.

CHAIRMAN

Ms Sim Wei Ling, Adeline (Mrs Tan Wei Ling, Adeline) (“**Ms Adeline Sim**” or the “**Chairman of the Meeting**”), the Executive Director and Chief Corporate Officer of the Company, was invited to assist the Founding Chairman, Mr Peter Sim, to lead the proceedings of the Meeting. Ms Adeline Sim extended a warm welcome to the shareholders who had registered and attended the virtual AGM by either observing or listening to the AGM proceedings through a “live” audio-visual webcast or a “live” audio-only stream of the AGM.

There being a quorum, Ms Adeline Sim called the Meeting to order.

INTRODUCTION

Ms Adeline Sim introduced herself, her fellow Board Members, the Group Chief Financial Officer, Company Secretary, representative from the auditors, Messrs Deloitte & Touche LLP, representatives from the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., and the Scrutineer from Messrs Moore Stephens LLP who attended the Meeting. Before proceeding to the business of the AGM, Ms Adeline Sim invited Ms Jennifer Kang, the Group Chief Financial Officer to co-present the unique and extraordinary features, financial highlights as well as the outlook of HRnetGroup.

PRESENTATION OF UNIQUE AND EXTRAORDINARY FEATURES, FINANCIAL HIGHLIGHTS AND OUTLOOK OF THE COMPANY

Ms Adeline Sim and Ms Jennifer Kang, co-presented the unique and extraordinary features, financial highlights as well as the outlook of the Company.

Both of them also presented the annual report, highlighting key developments and achievements of the Company in 2022. The report featured a unique piece of art on the cover, representing major business and human capital developments.

NOTICE

The Annual Report, together with the notice convening the Meeting (“**Notice of AGM**”) was published on the SGX website and the Company’s corporate website on 11 April 2023. The Notice of AGM was taken as read.

Ms Adeline Sim proceeded to announce the following:

- (a) All pertinent information relating to the proposed resolutions was set out in the Notice of AGM dated 11 April 2023.
- (b) The AGM was being convened and held by electronic means in accordance with the COVID-19 Order 2020. Shareholders were not able to attend the AGM in person.
- (c) As stated in the Notice of AGM, voting for the resolutions will be conducted “live”.
- (d) She thanked Shareholders who had submitted their questions in advance of the AGM. The responses to the substantial questions submitted by the Shareholders prior to the AGM had been published on the SGX website and Company’s corporate website on 21 April 2023.
- (e) She invited Shareholders, who joined the Meeting via audio-visual webcast, to submit questions that are relevant to the agenda of the AGM during the “live” question and answer (“Q&A”) session through the “live” Q&A web-chat function.

BRIEFING ON “LIVE” Q&A AND “LIVE” VOTING

Ms Adeline Sim elaborated on the “live” Q&A web-chat function and the “live” voting process. A videoclip illustrating how to submit “live” questions and cast votes “live” during the Meeting was shown.

The Meeting was informed that:

- (a) Questions which had already been addressed through the written responses published on the SGX website and Company’s corporate website on 21 April 2023 will not be addressed at the Meeting; and
- (b) The Company had consolidated substantially similar questions received and not all questions would be individually addressed at the Meeting.

Q&A SESSION

Ms Adeline Sim and Ms Jennifer Kang proceeded with the Q&A session and invited shareholders to submit their questions by typing in the Q&A web-chat textbox.

The responses to the “live” questions during the Q&A session are set out in **Appendix 1** annexed to these minutes.

After addressing all the “live” questions, Ms Adeline Sim proceeded with the business of the Meeting.

CONDUCT OF POLL

Ms Adeline Sim proceeded to announce the following:

- (a) In accordance with the Listing Manual of the SGX-ST and the guidance issued by SGX, the resolutions as set out in the Notice of AGM dated 11 April 2023 would be voted by way of poll.
- (b) In her capacity as the Chairman of the Meeting, she had been appointed as a proxy by a number of Shareholders and would vote in accordance with the wishes of these Shareholders.
- (c) For the conduct of the poll, Convene had been appointed as the polling agent and Messrs Moore Stephens LLP had been appointed as the Scrutineer.
- (d) The validity of the proxy forms submitted by the Shareholders had been reviewed and all valid votes had been counted and verified.
- (e) The voting was open to all eligible Shareholders and proxies to cast their votes for each of the resolutions until the announcement that the poll had been declared closed.
- (f) Shareholders and proxies would only be permitted to cast their votes according to their shareholdings.

MEETING PROCEEDINGS

ORDINARY BUSINESS:

- 1) **ADOPTION OF DIRECTORS’ STATEMENT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 TOGETHER WITH THE AUDITORS’ REPORT – RESOLUTION 1**

The Chairman of the Meeting proposed “That the Directors’ Statement and the Audited Financial Statements for the year ended 31 December 2022 together with the Auditors’ Report thereon be received and adopted.”

2) DECLARATION OF A FINAL TAX EXEMPT (ONE-TIER) DIVIDEND OF 1.87 SINGAPORE CENTS PER ORDINARY SHARES – RESOLUTION 2

The Chairman of the Meeting proposed “That the payment of a final one-tier (tax exempt) of 1.87 Singapore cents per ordinary share for the financial year ended 31 December 2022 be and is hereby approved.”

3) APPROVAL OF PAYMENT OF ADDITIONAL DIRECTORS’ FEES OF S\$40,000, INCLUDING THE ISSUANCE OF THE REMUNERATION SHARES 2022, FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 – RESOLUTION 3

The Chairman of the Meeting proposed “That the payment of additional Directors’ fees of S\$40,000, including the issuance of the Remuneration Share 2022, for the financial year ended 31 December 2022 be and is hereby approved.”

4) APPROVAL OF PAYMENT OF DIRECTORS’ FEES OF S\$270,000, INCLUDING THE ISSUANCE OF THE REMUNERATION SHARES 2023, FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023, PAYABLE HALF YEARLY IN ARREARS – RESOLUTION 4

The Chairman of the Meeting proposed “That the payment of Directors’ fees of S\$270,000, including the issuance of the Remuneration Share 2023, for the financial year ending 31 December 2023, payable half yearly in arrears be and is hereby approved.”

5) RE-ELECTION OF MR SIM YONG SIANG AS A DIRECTOR OF THE COMPANY – RESOLUTION 5

The Chairman of the Meeting proposed “That Mr Sim Yong Siang be and is hereby re-elected as a Director of the Company.”

6) RE-ELECTION OF MS HENG SU-LING, MAE AS A DIRECTOR OF THE COMPANY – RESOLUTION 6

The Chairman of the Meeting proposed “That Ms Heng Su-Ling, Mae be and is hereby re-elected as a Director of the Company.”

7) RE-ELECTION OF MR PONG CHEN YIH AS A DIRECTOR OF THE COMPANY – RESOLUTION 7

The Chairman of the Meeting proposed “That Mr Pong Chen Yih be and is hereby re-elected as a Director of the Company.”

8) RE-ELECTION OF MR SATO HIROSHI AS A DIRECTOR OF THE COMPANY – RESOLUTION 8

The Chairman of the Meeting proposed “That Mr Sato Hiroshi be and is hereby re-elected as a Director of the Company.”

9) RE-ELECTION OF MR ALBERT GEORGE HECTOR ELLIS AS A DIRECTOR OF THE COMPANY – RESOLUTION 9

The Chairman of the Meeting proposed “That Mr Albert George Hector Ellis be and is hereby re-elected as a Director of the Company.”

10) RE-APPOINTMENT OF MESSRS DELOITTE & TOUCHE LLP AS AUDITORS AND AUTHORITY TO FIX THEIR REMUNERATION – RESOLUTION 10

The Chairman of the Meeting proposed “That Messrs Deloitte & Touche LLP, Public Accountants and Chartered Accountants, Singapore, be and are hereby re-appointed as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting and that the Directors be authorised to fix their remuneration.”

SPECIAL BUSINESS:**11) AUTHORITY TO ALLOT AND ISSUE SHARES AND CONVERTIBLE SECURITIES – RESOLUTION 11**

The Chairman of the Meeting proposed “That Ordinary Resolution 11 as set out under item 11 of the Notice of AGM be approved.”

12) PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE – RESOLUTION 12

The Chairman of the Meeting proposed “That Ordinary Resolution 12 as set out under item 12 of the Notice of AGM be approved.”

POLL PROCEEDINGS AND POLL RESULTS

Before announcing the close of the poll, Ms Adeline Sim urged Shareholders to cast their votes for each of the resolutions if they had not done so. The change of vote was allowed while the poll remained open by simply selecting the new choice. Shareholders were given 1 minute to complete their votes for all the resolutions.

Following the tabulation of votes, the results of the poll was read:

Ordinary Resolution 1: Adoption of Directors’ Statement and Audited Financial Statements for the financial year ended 31 December 2022 together with the Auditors’ Report thereon

	Votes	%
No. of votes for:	824,549,448	100.00
No. of votes against:	6,500	0.00
Total no. of votes casted:	824,555,948	100.00

Based on the result of the poll, the Chairman of the Meeting declared Resolution 1 carried.

Ordinary Resolution 2: Declaration of a final tax exempt (one-tier) dividend of 1.87 Singapore cents per ordinary shares

	Votes	%
No. of votes for:	824,693,148	99.97
No. of votes against:	274,500	0.03
Total no. of votes casted:	824,967,648	100.00

Based on the result of the poll, the Chairman of the Meeting declared Resolution 2 carried.

Ordinary Resolution 3: Approval of payment of additional Directors’ fees of S\$40,000, including the issuance of the Remuneration Shares 2022, for the financial year ended 31 December 2022

	Votes	%
No. of votes for:	822,438,148	99.99
No. of votes against:	43,000	0.01
Total no. of votes casted:	822,481,148	100.00

Based on the result of the poll, the Chairman of the Meeting declared Resolution 3 carried.

Ordinary Resolution 4: Approval of payment of Directors’ fees of S\$270,000, including the issuance of the Remuneration Shares 2023, for the financial year ending 31 December 2023, payable half yearly in arrears

	Votes	%
No. of votes for:	822,494,148	100.00
No. of votes against:	23,000	0.00
Total no. of votes casted:	822,517,148	100.00

Based on the result of the poll, the Chairman of the Meeting declared Resolution 4 carried.

Ordinary Resolution 5: Re-election of Mr Sim Yong Siang as a Director of the Company

	Votes	%
No. of votes for:	823,957,548	99.93
No. of votes against:	600,600	0.07
Total no. of votes casted:	824,558,148	100.00

Based on the result of the poll, the Chairman of the Meeting declared Resolution 5 carried.

Ordinary Resolution 6: Re-election of Ms Heng Su-Ling, Mae as a Director of the Company

	Votes	%
No. of votes for:	763,913,300	92.88
No. of votes against:	58,522,848	7.12
Total no. of votes casted:	822,436,148	100.00

Based on the result of the poll, the Chairman of the Meeting declared Resolution 6 carried.

Ordinary Resolution 7: Re-election of Mr Pong Chen Yih as a Director of the Company

	Votes	%
No. of votes for:	822,409,648	100.00
No. of votes against:	26,500	0.00
Total no. of votes casted:	822,436,148	100.00

Based on the result of the poll, the Chairman of the Meeting declared Resolution 7 carried.

Ordinary Resolution 8: Re-election of Mr Sato Hiroshi as a Director of the Company

	Votes	%
No. of votes for:	822,409,648	100.00
No. of votes against:	26,500	0.00
Total no. of votes casted:	822,436,148	100.00

Based on the result of the poll, the Chairman of the Meeting declared Resolution 8 carried.

Ordinary Resolution 9: Re-election of Mr Albert George Hector Ellis as a Director of the Company

	Votes	%
No. of votes for:	817,442,948	99.39
No. of votes against:	4,993,200	0.61
Total no. of votes casted:	822,436,148	100.00

Based on the result of the poll, the Chairman of the Meeting declared Resolution 9 carried.

Ordinary Resolution 10: Re-appointment of Messrs Deloitte & Touche LLP as Auditors and authority to fix their remuneration

	Votes	%
No. of votes for:	824,298,448	99.98
No. of votes against:	139,600	0.02
Total no. of votes casted:	824,438,048	100.00

Based on the result of the poll, the Chairman of the Meeting declared Resolution 10 carried.

Ordinary Resolution 11: Authority to allot and issue shares and convertible securities

	Votes	%
No. of votes for:	811,230,215	98.38

No. of votes against:	13,371,633	1.62
Total no. of votes casted:	824,601,848	100.00

Based on the result of the poll, the Chairman of the Meeting declared Resolution 11 carried.

Ordinary Resolution 12: Proposed Renewal of the Share Purchase Mandate

	Votes	%
No. of votes for:	824,818,048	100.00
No. of votes against:	26,500	0.00
Total no. of votes casted:	824,844,548	100.00

Based on the result of the poll, the Chairman of the Meeting declared Resolution 12 carried.

CONCLUSION

There being no other business to transact, the Chairman of the Meeting declared the AGM closed at 11.25 a.m. and thanked everyone for joining the AGM webcast.

CONFIRMED AS TRUE RECORD OF PROCEEDINGS HELD

**SIM WEI LING, ADELIN (MRS TAN WEILING, ADELIN)
CHAIRMAN OF THE MEETING**



HRNETGROUP LIMITED
(the "Company")

APPENDIX 1

MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 26 APRIL 2023

QUESTIONS AND ANSWERS

Question 1

Regarding the items on Other Financial Assets (CLN, T-Bills, investment). They are not part of the core business. Are there any internal policy on caps on investments in them?

The Company has two categories of financial assets. (1) CLN and T-Bills, which serve as treasury instruments used to temporarily invest excess cash while awaiting deployment in other investment opportunities; and (2) marketable securities, mainly opportunistic investments in HR-related listed companies.

As for internal policies on investment caps, the Company has guidelines in place that assess key performance indicators when considering investments.

Question 2

I understand that 2H performance in FY2023 is likely to surpass 1H. How about 2H in FY2023 vs FY2022?

The Company is currently in Q2 with two more months remaining before closing the first-half of 2023. The Company does have some visibility into the performance of the upcoming second half, it is challenging for the Management to accurately forecast and compare it against the entirety of 2022 or the second half of that year.

Based on the current indications, there are positive signs for the third quarter of this year.

Question 3

On page 21 of the AR, the last sentence "We will keep fighting to do great work, and deliver yet another highly profitable year in 2023." Latest response to shareholder question, "1H performance is likely to be significantly lower than that of same time last year"

- 1. How significant is significant? more than 30% drop?**
- 2. With this update, how confident are you to deliver another HIGHLY profitable year?**

MAYBANK recently downgraded the company and slashed its target price. It anticipates a decline in the recruiting and consulting business amid a slowdown in Singapore's economy.

- 1. Does the management see a slowdown in the business?**
- 2. How does the management intend to navigate the slowdown?**

Despite facing substantial challenges in the first half, the Company has managed to maintain profitability. The Company remains confident in its capacity to sustain profitability throughout the year. Nevertheless, the Company currently lacks visibility into the precise figures concerning the specific level of profitability. Shareholders are advised to wait the announcement of the first-half results, which are expected to be disclosed in August 2023.

Indeed, there is a noticeable slowdown observed by the Company in both Q1 and Q2 to date. This trend is also acknowledged by other companies in our industry, confirming its reality. Rather than solely focusing on the slowdown itself, it would be more valuable to discuss the Company's approach in navigating this situation. The Company's primary objective is to prioritise the interests of the shareholders. To achieve this, significant

measures have been implemented. Many of the Company's business leaders have voluntarily accepted pay cuts to ensure stability and cost-effectiveness.

The Company has transitioned most of its operations to the online platform, canceling in-person events like D&D and embracing virtual alternatives. This not only saved significant costs amounting to hundreds of thousands of dollars but also proved the effectiveness of these online solutions during the Company's most profitable year ever. As mentioned in the letter to shareholders, another strategic initiative involves capitalising on the Company's regional presence. By intensifying efforts in the Company's business units across the region, localised markets can be leveraged to the Company's advantage. Although customers in Shanghai may not be traveling as much, they still hold responsibilities for cities outside of China, such as Jakarta and Singapore. By working closely with the Company, they can benefit from having their dedicated key account director based in Shanghai, ensuring the quality of services across multiple cities. This approach strengthens the Company's competitive edge. In summary, the Company is implementing comprehensive measures to seize available opportunities and mitigate the impact of the slowdown.

Question 4

On Page 120 of the Annual Report, can management shed light on what has resulted in the net fair value loss of \$10.9 million on investments in equity instruments?

Regarding the shareholder's query on page 120 of the annual report, the mentioned net fair value loss of S\$10.9 million pertains to investments in equity instruments designated at fair value through other comprehensive income. Specifically, this refers to our long-term investments in Staffline and Bamboos. These investments are marked to market, meaning their values are determined based on the closing prices of these two public listed stocks. Therefore, the observed net fair value loss is a consequence of the fluctuation in the traded closing prices of these investments.

Question 5

The quoted equity investments in past few years has been patchy and losing money. Staffline is a case in point where the diminution in value has been substantial. Going forward, would the board eschew from such equity investment, and focus on M&A where you have majority control?

The Company's stance on Staffline and Bamboos is that of a strategic long-term investor. As with any investment, the Company regularly conducts reviews of its investment objectives in light of changing circumstances, emerging opportunities and market changes that may impact shareholders' value. The decision to continue investing in such opportunities is made on a case-by-case basis, taking into account the potential for strategic value or immediate profit accretion.

Question 6

Any plan to increase public float of only 19.3% (page 164 of AR2022)?

Yes, the Company has plans to increase the public float. The Company has been utilising it for M&A currency. When the Company makes acquisitions, a portion of the consideration often includes Company shares. This approach aims to align everyone's interests, including our employees. In fact, Ms Jennifer Kang, the Group CFO, has opted to receive part of her variable bonus in shares. This option is also available to all our employees through an opt-in system on the Company's employee portal. The Company is actively working towards increasing the public float.

Question 7

Does HRNET has the business exposure to the talent demand for the semiconductor industry in Mainland China? This is in view of sanction and restriction placed on the sale of high tech semicon equipment to Chinese firms and reshoring to Taiwan & USA.

The Company has exposure to semicon talent demand in both Mainland China and Taiwan, which becomes more significant due to the imposed sanctions and restrictions on high-tech semiconductor equipment trade with Mainland China. The Chinese government actively promotes and encourages the development of the semiconductor ecosystem within China. There are reports of incentives and subsidies provided by the Chinese government to support the growth of this industry.

Question 8

Does Octomate fall under others segment? Can share a bit more on planned growth rate and targetted total addressable market. What is its advantage vs other HR SAAS software? Or other CRM softwares like Salesforce/ServiceNow.

The Company's investment in Octomate was driven by a clear need in the market. In countries like Indonesia and India, there are numerous startups offering workers early access to their earnings before payday, but charging exorbitant rates. Zoey Tong, the CEO and Founder of Octomate, recognised the unfairness in this approach. She proposed that companies should offer it as an employee benefit, rather than taxing minimum wage workers for accessing their own earned wages.

This idea resonated with the Company, especially considering the significant amount companies spend on talent acquisition and retention. For our clients, offering this benefit is a relatively small cost, considering the benefits it provides. It is worth noting that Octomate has secured prominent clients, including Amazon and H&M in Thailand, who recognise the value of this employee benefit. One particular instance showcased the effectiveness of Octomate's proposition was when a client's employees expressed a preference to stay due to the ability to access their wages daily through Octomate. This validates Octomate's value proposition that offering this benefit as an employment benefit with a corporate expense is the right approach.

Given the ethical and sustainable nature of Octomate's product, the Company believes it is the right approach to offer it as an employment benefit with a negligible impact on corporate expenses. Octomate serves the same clients that the Company already has, making it a seamless addition to our services. In terms of growth rate, Octomate has the potential to expand rapidly without encountering significant obstacles. The Company is confident in the product's soundness and its ability to meet market demands.

Question 9

In view of rapidly changing economic conditions, is the company in favour of reporting on a quarterly basis? A few good companies in SGX has already done this on a voluntary basis, and I think HRnet is a good company, and so should do so as well.

The Company appreciates the value of quarterly reporting while being highly conscious of the importance of striking a balance between transparency and short-termism. We will bear this suggestion in mind for the future.

We are taking steps to have greater transparency. In year 2022, the Company went above and beyond regulatory requirements by making 29 voluntary announcements. These announcements were aimed at providing shareholders with comprehensive insights into the Company's business, people, and the overall market environment. The Company firmly believes in being forthright and promptly updating shareholders with relevant information to enhance their understanding of the Company's business.

Question 10

Can you share how management decide on how much to declare for interim/final dividend? Is it based on each half's performance?

As a general guideline, the Company adheres to a practice of distributing approximately 50% of the net profit after tax, excluding exceptional items. When it comes to declaring specific figures for interim or final dividends, there are two key considerations at play. Firstly, there is a mathematical aspect where calculations are made based on performance. Secondly, there is a careful assessment of the current circumstances to ensure the sustainability of the proposed dividend and to send the appropriate message to our valued shareholders.

Question 11

Does the Company have plans to provide payroll solutions externally to customers and integrate more tightly into HR workflow solutions of clients?

Yes, the Company has proactively embarked on that path. Presently, the Company offers YesPay! as its payroll service, while its subsidiaries – RecruitFirst, Recruit Express, and Octomate - likewise deliver comparable solutions. Recognising the significance of addressing customers' ever-changing requirements, the Company's scope extends beyond staffing and professional recruitment, actively diversifying into comprehensive HR workflow solutions.