

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

- 1 (a) (i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group			
	2019	2018 (Restated) ⁽¹⁾	Change	
	S\$'000	S\$'000	S\$'000	%
Revenue	423,081	428,490	(5,409)	(1.3)
Sub-contractor expenses	(277,523)	(273,193)	(4,330)	1.6
Gross profit ("GP")	145,558	155,297	(9,739)	(6.3)
Other income	17,686	6,787	10,899	160.6
Selling, general, administrative and other expenses ("SG&A"):				
Other employee benefit expenses	(73,598)	(76,861)	3,263	(4.2)
Facilities and depreciation expenses	(12,102)	(11,107)	(995)	9.0
Selling expenses	(4,671)	(5,599)	928	(16.6)
Other expenses	(4,167)	(3,350)	(817)	24.4
Finance costs	(334)	-	(334)	n.m.
	(94,872)	(96,917)	2,045	(2.1)
Profit before income tax	68,372	65,167	3,205	4.9
Income tax expense	(12,596)	(12,745)	149	(1.2)
Profit for the year ("NPAT")	55,776	52,422	3,354	6.4
Other comprehensive loss :				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign exchange differences on translation of foreign operations	(335)	(11)	(324)	n.m.
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Net fair value loss on investments in equity instruments designated as at FVTOCI	(25,241)	-	(25,241)	n.m.
Other comprehensive loss for the year, net of tax	(25,576)	(11)	(25,565)	n.m.
Total comprehensive income for the year	30,200	52,411	(22,211)	(42.4)
Profit attributable to:				
Owners of the Company ("PATMI")	51,604	48,178	3,426	7.1
Non-controlling interests	4,172	4,244	(72)	(1.7)
	55,776	52,422	3,354	6.4
Total comprehensive income attributable to:				
Owners of the Company	26,094	48,250	(22,156)	(45.9)
Non-controlling interests	4,106	4,161	(55)	(1.3)
	30,200	52,411	(22,211)	(42.4)

⁽¹⁾ The results for FY2018 have been restated to reflect the adjustments relating to intangible assets, goodwill, deferred consideration, deferred tax and currency translation upon finalisation of Purchase Price Allocation ("PPA") exercise in FY2019. This is in accordance with SFRS(I) 3 Business Combinations for the acquisition of REForce (Shanghai) Human Resources Management Consulting Co., Ltd in FY2018.

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1 (a) (ii) Notes to consolidated statements of profit or loss and other comprehensive income

The Group's profit for the period has been arrived at after crediting (charging) the following:

	2019	2018
	S\$'000	S\$'000
Gain on disposal of investments	6,096	1,040
Net fair value gain (loss) on financial assets mandatorily measured at FVTPL ⁽¹⁾	1,484	(4,783)
Net fair value gain on financial assets designated at FVTPL	118	898
Interest income	4,313	3,458
Government subsidies (WCS, SEC, TEC only) ⁽²⁾	4,617	5,645
Dividend income	730	328
Allowance for doubtful receivables	(126)	(1,544)
Amortisation of intangible assets (including amount arising from PPA exercise on REForce acquisition)	(343)	(93)
Depreciation of plant and equipment	(1,024)	(889)
Depreciation of right-of-use assets ⁽³⁾	(5,278)	-
Share-based payment expenses	(1,190)	(2,430)
Foreign exchange loss	(1,024)	(338)

Note:

- (1) FVTPL refers to fair value through profit or loss.
- (2) WCS refers to Wage Credit Scheme; SEC refers to Special Employment Credit; and TEC refers to Temporary Employment Credit.
- (3) Rental expenses of office premises with a lease term of more than 12 months. Arose from the adoption of SFRS(I) 16 *Leases* with effect from 1 January 2019.

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1 (b) (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31-Dec-19	31-Dec-18 (Restated) ⁽¹⁾	31-Dec-19	31-Dec-18
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	266,162	281,810	76,076	136,237
Trade receivables	74,693	81,266	-	-
Other receivables and prepayments	6,922	5,896	97,464	73,564
Other financial assets	8,555	16,078	8,555	16,050
Total current assets	356,332	385,050	182,095	225,851
Non-current assets				
Pledged deposits	1,003	841	-	-
Plant and equipment	1,558	1,559	-	-
Right-of-use assets	14,144	-	-	-
Other intangible assets	1,501	1,600	-	-
Goodwill	5,186	5,185	-	-
Subsidiaries	-	-	48,427	48,427
Other financial assets	38,733	12,197	38,115	11,697
Deferred tax assets	807	905	-	-
Total non-current assets	62,932	22,287	86,542	60,124
Total assets	419,264	407,337	268,637	285,975
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	6,034	6,486	-	-
Other payables and accruals	39,071	39,296	83	235
Lease liabilities	7,470	-	-	-
Deferred considerations	2,954	2,281	-	-
Income tax payable	9,984	10,703	1,099	317
Total current liabilities	65,513	58,766	1,182	552
Non-current liabilities				
Deferred tax liability	349	366	-	-
Lease liabilities	6,794	-	-	-
Deferred considerations	-	2,955	-	-
Total non-current liabilities	7,143	3,321	-	-

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

STATEMENTS OF FINANCIAL POSITION (Continued)

	Group		Company	
	31-Dec-19	31-Dec-18 (Restated)	31-Dec-19	31-Dec-18
	S\$'000	S\$'000	S\$'000	S\$'000
Capital, reserves and non-controlling interests				
Share capital	260,605	260,605	260,605	260,605
Treasury shares	(3,631)	(4,903)	(3,631)	(4,903)
Equity reserve	(47,204)	(47,563)	(437)	(437)
Share-based payment reserve	1,758	2,137	1,758	2,137
Investments revaluation reserve	(25,241)	-	(25,241)	-
Translation reserve	(240)	29	-	-
Retained earnings	145,961	122,981	34,401	28,021
Equity attributable to owners of the Company	332,008	333,286	267,455	285,423
Non-controlling interests	14,600	11,964	-	-
Total equity	346,608	345,250	267,455	285,423
Total liabilities and equity	419,264	407,337	268,637	285,975

⁽¹⁾ The results for FY2018 have been restated to reflect the adjustments relating to intangible assets, goodwill, deferred consideration, deferred tax and currency translation upon finalisation of Purchase Price Allocation (“PPA”) exercise in FY2019. This is in accordance with SFRS(I) 3 Business Combinations for the acquisition of REForce (Shanghai) Human Resources Management Consulting Co., Ltd in FY2018.

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1 (b) (ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

	As at 31 Dec 2019 S\$'000	As at 31 Dec 2018 S\$'000
<u>Leases liabilities, unsecured</u> ⁽¹⁾		
Amount repayable within one year	7,470	-
Amount repayable after one year	6,794	-
	14,264	-

Note:

⁽¹⁾ Arose from the adoption of SFRS(I) 16 *Leases*. Details of the impact from the adoption is presented in paragraph 5 of this results announcement.

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

- 1 (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	2019 S\$'000	2018 S\$'000
<u>Operating activities</u>		
Profit before income tax	68,372	65,167
Adjustments for:		
Depreciation of plant and equipment	1,024	889
Depreciation of right-of-use assets	5,278	-
Amortisation of other intangible assets	343	93
Interest income	(4,313)	(3,458)
Finance costs	334	-
Dividend income	(730)	(328)
Share-based payment expenses	1,190	2,430
Gain on disposal of plant and equipment	(2)	(1)
Gain on disposal of investments	(6,096)	(1,040)
Net fair value gain on financial assets designated at FVTPL	(118)	(898)
Net fair value (gain) loss on financial assets mandatorily measured at FVTPL	(1,484)	4,783
Fair value loss on deferred consideration	17	-
Allowance for doubtful receivables	126	1,544
Operating cash flows before movements in working capital	63,941	69,181
Trade receivables	6,448	(6,986)
Other receivables and prepayments	(987)	(659)
Trade payables	(453)	298
Other payables and accruals	(350)	(1,408)
Cash generated from operations	68,599	60,426
Interest received	4,274	2,389
Interest paid	(335)	-
Income tax paid	(13,242)	(11,199)
Net cash from operating activities	59,296	51,616

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	2019	2018
	S\$'000	S\$'000
<u>Investing activities</u>		
Dividends received	730	328
Purchase of plant and equipment and intangible assets	(1,276)	(1,728)
Proceeds from disposal of plant and equipment	5	1
Purchase of financial assets mandatorily measured at FVTPL	(6,594)	(17,645)
Proceeds from disposal of financial assets mandatorily measured at FVTPL	21,522	3,370
Proceeds from disposal (Purchase) of financial assets designated at FVTPL	6,764	(6,299)
Proceed from disposal (Purchase) of quoted debt instrument at amortised cost	5,053	(5,000)
Purchase of financial assets designated at FVTOCI	(63,355)	-
Change in ownership interests in subsidiaries	114	91
Acquisition of subsidiaries	(2,164)	(485)
Net cash used in investing activities	(39,201)	(27,367)
<u>Financing activities</u>		
Dividends paid to non-controlling shareholders	(1,841)	(1,186)
Dividends paid	(28,163)	(23,456)
Net placement of pledged deposits	(162)	(118)
Purchase of treasury shares	(331)	(6,633)
Capital contributions by non-controlling shareholders in subsidiaries	648	159
Repayment of leases liabilities	(5,149)	-
Net cash used in financing activities	(34,998)	(31,234)
Net decrease in cash and cash equivalents	(14,903)	(6,985)
Cash and cash equivalents at beginning of the year	281,810	289,090
Effect of foreign exchange rate changes	(745)	(295)
Cash and cash equivalents at end of the year	266,162	281,810

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1 (d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENTS OF CHANGES IN EQUITY FOR THE GROUP

	Share capital	Treasury shares	Equity reserve	Share-based payment reserve	Investments revaluation reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2019	260,605	(4,903)	(47,563)	2,137	-	29	122,981	333,286	11,964	345,250
<i>Total comprehensive income for the year</i>										
Profit for the year	-	-	-	-	-	-	51,604	51,604	4,172	55,776
Other comprehensive loss for the year	-	-	-	-	(25,241)	(269)	-	(25,510)	(66)	(25,576)
<i>Transactions with owners, recognised directly in equity</i>										
Dividends	-	-	-	-	-	-	(28,163)	(28,163)	-	(28,163)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(2,334)	(2,334)
Purchase of treasury shares	-	(331)	-	-	-	-	-	(331)	-	(331)
Treasury shares reissued pursuant to bonus shares vested under 123GROW Plan	-	1,569	-	(1,569)	-	-	-	-	-	-
Treasury shares reissued in connection with Rimbun's deferred consideration	-	34	-	-	-	-	-	34	-	34
Recognition of share-based payment	-	-	-	1,190	-	-	-	1,190	-	1,190
Change in ownership interests in subsidiaries	-	-	1	-	-	-	(103)	(102)	216	114
Capital contribution by non-controlling shareholders	-	-	-	-	-	-	-	-	648	648
Liquidation of a subsidiary	-	-	358	-	-	-	(358)	-	-	-
Balance as at 31 December 2019	260,605	(3,631)	(47,204)	1,758	(25,241)	(240)	145,961	332,008	14,600	346,608

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

STATEMENTS OF CHANGES IN EQUITY FOR THE GROUP

	Share capital	Treasury shares	Equity reserve	Share-based payment reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2018	260,605	-	(47,534)	1,437	(43)	98,025	312,490	8,279	320,769
<u>Total comprehensive income for the year</u>									
Profit for the year	-	-	-	-	-	48,178	48,178	4,244	52,422
Other comprehensive income (loss) for the year	-	-	-	-	72	-	72	(83)	(11)
<u>Transactions with owners, recognised directly in equity</u>									
Dividends	-	-	-	-	-	(23,262)	(23,262)	-	(23,262)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(1,524)	(1,524)
Purchase of treasury shares	-	(6,633)	-	-	-	-	(6,633)	-	(6,633)
Treasury shares reissued pursuant to bonus shares vested under 123GROW Plan	-	1,730	-	(1,730)	-	-	-	-	-
Recognition of share-based payment	-	-	-	2,430	-	-	2,430	-	2,430
Change in ownership interests in subsidiaries	-	-	(20)	-	-	-	(20)	111	91
Non-controlling interest arising from acquisition of subsidiaries	-	-	-	-	-	-	-	800	800
Capital contribution by non-controlling shareholders	-	-	-	-	-	-	-	168	168
Liquidation of a subsidiary	-	-	(9)	-	-	40	31	(31)	-
Balance as at 31 December 2018 (Restated) ⁽¹⁾	260,605	(4,903)	(47,563)	2,137	29	122,981	333,286	11,964	345,250

⁽¹⁾ The results for FY2018 have been restated to reflect the adjustments relating to intangible assets, goodwill, deferred consideration, deferred tax and currency translation upon finalisation of Purchase Price Allocation (PPA) exercise in FY2019. This is in accordance with SFRS(I) 3 Business Combinations for the acquisition of REForce (Shanghai) Human Resources Management Consulting Co., Ltd in FY2018.

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

STATEMENTS OF CHANGES IN EQUITY FOR THE COMPANY

	Share capital	Treasury shares	Equity reserve	Investments revaluation reserve	Share-based payment reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2019	260,605	(4,903)	(437)	-	2,137	28,021	285,423
<u>Total comprehensive income for the year</u>							
Profit for the year	-	-	-	-	-	34,543	34,543
Other comprehensive loss for the year	-	-	-	(25,241)	-	-	(25,241)
<u>Transactions with owners, recognized directly in equity</u>							
Dividends	-	-	-	-	-	(28,163)	(28,163)
Purchase of treasury shares	-	(331)	-	-	-	-	(331)
Treasury shares reissued pursuant to bonus shares vested under 123GROW Plan	-	1,569	-	-	(1,569)	-	-
Treasury shares reissued in connection with Rimbun's deferred consideration	-	34	-	-	-	-	34
Recognition of share-based payment	-	-	-	-	1,190	-	1,190
Balance as at 31 December 2019	260,605	(3,631)	(437)	(25,241)	1,758	34,401	267,455

	Share capital	Treasury shares	Equity reserve	Share-based payment reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2018	260,605	-	(437)	1,437	23,264	284,869
<u>Total Comprehensive income for the year</u>						
Profit for the year	-	-	-	-	28,019	28,019
<u>Transactions with owners, recognized directly in equity</u>						
Dividends	-	-	-	-	(23,262)	(23,262)
Purchase of treasury shares	-	(6,633)	-	-	-	(6,633)
Treasury shares reissued pursuant to bonus shares vested under 123GROW Plan	-	1,730	-	(1,730)	-	-
Recognition of share-based payment	-	-	-	2,430	-	2,430
Balance as at 31 December 2018	260,605	(4,903)	(437)	2,137	28,021	285,423

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

- 1 (d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous year reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial year reported on and as at the end of the corresponding year of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial year reported on and as at the end of the corresponding year of the immediately preceding financial year.**

	Number of shares	Share Capital S\$'000
As at 1 January 2019	1,005,819,572	255,702
Treasury shares purchased	(572,000)	(331)
Treasury shares reissued in connection with Rimbun's deferred consideration	37,963	34
Treasury shares reissued pursuant to bonus shares vested under 123GROW Plan	1,787,100	1,569
As at 31 December 2019	<u>1,007,072,635</u>	<u>256,974</u>
	As at 31 Dec 2019	As at 31 Dec 2018
Number of treasury shares	4,334,237	5,587,300
Number of issued shares excluding treasury shares	1,007,072,635	1,005,819,572
Percentage of issued shares excluding treasury shares (%)	0.4304%	0.5555%

Save as disclosed, the Company did not have any outstanding convertibles and subsidiary holdings as at 31 December 2019 and 31 December 2018.

- 1 (d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding year.**

	As at 31 Dec 2019	As at 31 Dec 2018
Issued shares	1,011,406,872	1,011,406,872
Treasury shares	(4,334,237)	(5,587,300)
Issued shares excluding treasury shares	<u>1,007,072,635</u>	<u>1,005,819,572</u>

- 1 (d) (iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial year reported on.**

	Number of shares
As at 1 January 2019	5,587,300
Treasury shares purchased	572,000
Treasury shares reissued in connection with Rimbun's deferred consideration	(37,963)
Treasury shares reissued pursuant to bonus shares vested under 123GROW Plan	(1,787,100)
As at 31 December 2019	<u>4,334,237</u>

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- 1 (d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial year reported on.**

The Company did not have any sales, transfers, cancellation and/or use of subsidiary holdings during and as at the end of the current financial year reported on.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors of the Company.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group and the Company consistently applied the same accounting policies and methods of computation in the Group's financial statements for the current reporting period as compared with the audited financial statements for the financial year ended 31 December 2018, except for the adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases, which is effective from annual period beginning on 1 January 2019.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group and the Company adopted SFRS(I) 16 Leases on 1 January 2019, using the modified retrospective approach where the lease liability is measured based on the remaining lease payments discounted using the incremental borrowing rate as of the date of initial application. There is also no restatement of comparative information which was prepared in accordance with the requirement of SFRS(I) 1-17. The Group elected the following practical expedients: i) not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases; ii) to apply the exemption not to recognise right-of-use asset and lease liabilities to lease for which the lease term ends within 12 months as of 1 January 2019; and iii) to apply a single discount rate to a portfolio of leases with reasonably similar characteristics. On adoption of SFRS(I) 16 as of 1 January 2019, the Group recognised right-of-use assets and lease liabilities of S\$14.5m respectively for its leases previously classified as operating leases.

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. **Earnings per ordinary share of the group for the current financial year reported on and the corresponding year of the immediately preceding financial year, after deducting any provision for preference dividends:-**

	Group	
	2019	2018
PATMI (S\$'000)	51,604	48,178
Number of shares ('000)		
- Basic	1,006,605	1,009,124
- Diluted	1,009,496	1,013,011
Earnings per share ("EPS") (cents)		
- Basic	5.13	4.77
- Diluted	5.11	4.76

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial year reported on; and (b) immediately preceding financial year.**

	Group		Company	
	31 Dec 2019	31 Dec 2018 (Restated)	31 Dec 2019	31 Dec 2018
Net asset value (S\$'000)	332,008	333,286	267,455	285,423
Number of ordinary shares ('000)	1,007,073	1,005,820	1,007,073	1,005,820
Net asset value per share (cents)	32.97	33.14	26.56	28.38

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial year reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial year reported on.**

REVIEW OF GROUP'S PERFORMANCE

PATMI rose by 7.1% to S\$51.6m (2018: S\$48.2m) while NPAT rose by 6.4% to S\$55.8m (2018: S\$52.4m).

Revenue sustained its 9th consecutive quarter above the S\$100m mark in Q4. Full year revenue declined slightly by 1.3% at S\$423.1m (2018: S\$428.5m) due to decline in Professional Recruitment ("PR") revenue by 7.2% or S\$7.4m but partially offset by the increase 0.6% or S\$1.9m increase in Flexible Staffing ("FS") revenue. This is typical of economic downturns when FS revenues are generally more resilient than PR revenue, and the proportion of FS revenue rose from 75.2% to 76.6%.

Gross Profits ("GP") declined by 6.3% to S\$145.6m (2018: S\$155.3m) mainly because of the decline in PR by S\$7.4m and FS by S\$1.9m. The first 9 months of the year saw a S\$3.6m decline while Q4 bore the brunt of the trade war and declined by S\$5.5m. Singapore, where the GDP grew by 0.1% in 2019 (2018: 3.1%) and 0.8% in 2019 Q4 (2018 Q4: 1.3%) (Note 1), remains the largest market for the Group, accounting for 51% (2018: 54%) of its total GP. Consequently, the decline in GP from Singapore accounted for the bulk of the decline, while the growth in China, Hong Kong and Indonesia were pared down by the weaknesses in Taiwan, Malaysia and Thailand.

Note 1: Source: <https://www.singstat.gov.sg/-/media/files/news/advgdp4q2019.pdf>

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

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

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

SG&A expenses were well-controlled with a 2.1% reduction to S\$94.9m (2018: S\$96.9m), mainly due to the reduction of employee benefit expenses by S\$3.3m to S\$73.6m (2018: S\$76.9m). The increase of S\$2.9m arising from the full year effect of the expenses relating to the acquired businesses was offset by the reduction of costs by the organic businesses mainly as follows:

- i. Amortization of the share-based payments relating to
 - Bonus Shares under the 123Grow Plan dovetailed from S\$2.4m last year to S\$0.8m this year as the Company issued the second tranche of Bonus Shares for the 123Grow shares during the year. The final tranche will be issued on 19 Jun 2020; and
 - Grow Shares amounting to S\$0.4m granted on 1 Jul 2019;
- ii. Profit-sharing incentive scheme paid out lesser incentives in line with the lower GP;
- iii. Shifts in salary mix arising from perm-to-temp/contract heartcount ratio 917/180 (2018: 941/160) and job grade/functional differentials; and
- iv. Waiver of bonus by certain directors of the Company.

REVIEW OF GROUP'S FINANCIAL POSITION

Cash and cash equivalents reduced by S\$15.6m to S\$266.2m as operating activities generated S\$59.3m cash, whilst investing activities used a net sum of S\$39.2m and S\$35.0m in financing activities comprising mainly dividend payouts and repayment of lease liabilities.

Financial assets designated at FVTOCI during the year had the aggregate cost of S\$63.4m and is stated at fair value of S\$38.1m, the difference being charged to Investments Revaluation Reserve. Further to our previous announcement on our 29.95% equity stake in AIM-listed Staffline Group plc making it an associate, the asset classification has been amended to FVTOCI on the basis that we do not have a board seat nor significant influence over the business.

9. **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.

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10. **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 reporting year and the next 12 months.**

While the COVID-19 situation continues to evolve, its impact on the regional economies is **significant**, particularly Singapore and Greater China which respectively generated 51% and 40% GP for the Group in 2019.

The uncertainty in the business environment is certainly affecting our 2020 Q1 operations in terms of our clients' decisions on the hiring and start work dates of selected candidates as companies are taking time to re-organize logistics, processes and flow of people within their organizations. This might impact the recognition of revenue arising from cases where candidates have already signed the letter of appointment but are pending the confirmation of start work date. It appears that the pipeline building for our 2020 Q2 may be affected, depending on how the COVID-19 pans out in 2020 Q1.

Work-From-Home ("WFH") has become the order of work for our consultants and business support employees in Mainland China since Chinese New Year, while our offices in other cities become operationally ready for WFH mode and split-force, should the need arise. Through our proprietary technology systems, we are able to access, update and work on client, candidate and case records from home or any other offices. Having the infrastructure and operational network across 13 cities certainly helped in terms of mobilizing resources and support for business continuity. As face-to-face meetings and interviews are largely replaced by video call and phone conversations, we are taking the opportunity to review new possibilities to manage costs even more effectively than before.

The 2020 Singapore Budget announced by the Singapore Government may continue to offer some relief to our operating costs. For instance, the Government's co-funding under the Wage Credit Scheme will be increased by 5 percentage points to 20% and 15% for 2019 and 2020 respectively. We also note that the qualifying monthly wage threshold for the scheme will be increased from the current S\$4,000 to S\$5,000.

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. Dividend

a. Any dividend declared for the current financial year reported on?

The Directors are pleased to propose the payment of a tax-exempt (one-tier) final dividend of 2.8 cents per ordinary share, in respect of the financial year ended 31 December 2019, subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

Name of dividend	Final
Dividend type	Cash
Dividend amount per share (in cents)	2.8 cents per ordinary share
Tax rate	Tax-exempt (one-tier)

b. Corresponding year of the immediately preceding financial year?

For the financial year ended 31 December 2018, a tax-exempt (one-tier) dividend of 2.8 cents per ordinary share was paid to registered shareholders.

c. The date the dividend is 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. The date on which Registrable Transfers receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

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

12. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for interested persons transactions.

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

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7 under Rule 720(1) of the Listing Manual.

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

SEGMENT INFORMATION

Business segment revenue and results

	Revenue	
	2019	2018
	S\$'000	S\$'000
Professional recruitment	95,926	103,331
Flexible staffing	324,165	322,220
Others	2,990	2,939
	423,081	428,490
	Profit before tax	
	2019	2018
	S\$'000	S\$'000
Professional recruitment	95,591	102,930
Flexible staffing	48,267	50,086
Others	1,700	2,281
Gross profit	145,558	155,297
Other income	17,686	6,787
Other employee benefit expenses	(73,598)	(76,861)
Facilities and depreciation expenses	(12,102)	(11,107)
Selling expenses	(4,671)	(5,599)
Other expenses	(4,167)	(3,350)
Finance costs	(334)	-
Profit before income tax	68,372	65,167

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

SEGMENT INFORMATION (Continued)

Geographical segment revenue and results

	Revenue	
	2019	2018
	S\$'000	S\$'000
Singapore	300,218	315,926
North Asia	113,919	103,161
Rest of Asia	8,944	9,403
	423,081	428,490
	Profit before tax	
	2019	2018
	S\$'000	S\$'000
Singapore	73,919	83,447
North Asia	66,575	66,005
Rest of Asia	5,064	5,845
Gross profit	145,558	155,297
Other income	17,686	6,787
Other employee benefit expenses	(73,598)	(76,861)
Facilities and depreciation expenses	(12,102)	(11,107)
Selling expenses	(4,671)	(5,599)
Other expenses	(4,167)	(3,350)
Finance costs	(334)	-
Profit before income tax	68,372	65,167

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. 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 Note 8.

16. A breakdown of sales.

Breakdown of Revenue and Results

	Group		
	2019 S\$'000	2018 S\$'000	Change %
<u>First Half</u>			
Revenue reported for the first half-year	212,470	214,967	-1.2%
Profit after tax reported for the first half-year	32,842 ¹	31,144	5.5%
<u>Second Half</u>			
Revenue reported for the second half-year	210,611	213,523	-1.4%
Profit after tax reported for the second half-year	22,934 ¹	21,278	7.8%

Note

⁽¹⁾ The Group received Singapore government subsidies of S\$4.5m during the first half-year compared to S\$0.1m in the second half-year. Disposal and net fair value gain on financial assets designated at FVTPL and mandatorily measured at FVTPL was S\$5.1m in the first half-year and S\$2.6m in the second half-year. Interest income earned was S\$2.4m in the first half-year compared to S\$1.9m in the second half-year.

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

	2019 S\$'000	2018 S\$'000
<u>Annual Dividend</u>		
Ordinary Dividend		
- Final [#]	28,198	28,163

[#] The proposed final one-tier tax exempt dividends in respect of 2019 is subject to shareholders' approval at the forthcoming Annual General Meeting of the company.

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18. 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 Siang Yong	67	<p>Brother of Sim Joo Siang (Executive Director and Deemed Substantial Shareholder of HRnetGroup Limited, Director of Recruit Express Pte Ltd).</p> <p>Father of Sim Wei Ling, Adeline (Director, Deemed Substantial Shareholder and General Counsel of HRnetGroup Limited).</p> <p>Husband of Sim Nelly Nee Tan Kheng Eng (Deemed Substantial Shareholder of HRnetGroup Limited, Director of HRnet One Pte Ltd).</p> <p>Father of Sim Wei Wen, Aviel (Deemed Substantial Shareholder of HRnetGroup Limited).</p>	<p>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.</p>	None
Sim Joo Siang	63	<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 General Counsel 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>	<p>Executive Director of the Company since 21 September 2016, Director of Recruit Express Pte Ltd since 1 April 1999.</p>	None

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 Wei Ling, Adeline	40	<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 2018, Chief Legal Officer of the Company since 26 February 2019.	Promoted from Executive Director and General Counsel to Executive Director and Chief Legal Officer on 26 February 2019.

UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19. 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 2019 is set out as below:

	Amount utilised
	S\$ million
Underwriting commission	4.7
Professional fees and other miscellaneous expenses (including listing fees)	4.4
Purchase of financial assets mandatorily measured at FVTPL	28.6
Purchase of financial assets designated at FVTPL	6.3
Purchase of financial assets designated at FVTOCI	63.4
Acquisition and investment in subsidiaries	4.0
Start-up of subsidiaries	6.5
	117.9

20. Cessation of quarterly reporting

Following the amendments to the Singapore Exchange Listing Manual which have taken effect on 7 Feb 2020, the company will not be required to release its unaudited financial statements on a quarterly basis. The Board, after due deliberation, taking into consideration the compliance efforts required in the quarterly reporting, decided to release its unaudited financial statements on a half yearly basis, with immediate effect.

Accordingly, the company will, in respect of each of the financial year, announce only the unaudited financial statements of the company for the half year ending June 30, by not later than 45 days after the end of the relevant half financial year, and for the full financial year ending December 31, by not later than 60 days after the end of the relevant full financial year.

By order of the Board

Sim Yong Siang
 Founding Chairman
 27 February 2020

Adeline Sim Wei Ling
 Chief Legal Officer and Executive Director
 27 February 2020