



Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: HRnetGroup Limited

Stock code: CHZ

Meeting details:

Date: 26 April 2023

Time: 10.00 a.m.

Venue: <<live webcast>>

Q1. Would the board/management provide shareholders greater clarity on the following operational and financial matters? Specifically:

- (i) **Flexible staffing (FS):** The gross profit margin decreased from 15.9% to 14.4%, primarily due to a reduction in higher margin COVID-related business. Additionally, lower margin projects in Taiwan and Indonesia contributed to the decline. **What factors determine the margin for FS, and are there significant differences in the gross profit margin among the different countries in which the group operates?**
- (ii) **Professional recruitment:** The IT & Tech sector became the top contributing sector in 2022. In recent months, the industry has experienced significant layoffs, particularly by major technology firms. **How does management view this development, and what steps is the group taking to capitalise on the opportunity presented by the changing landscape? How is the group positioned to address the demand for talent in the field of artificial intelligence?**
- (iii) **Credit Linked Notes (CLN):** The group invested \$8.1 million in CLN issued by a bank with good credit rating with effective yield of 4.18%. **Was a thorough risk assessment conducted, and did the board approve the investment in the CLN?**
- (iv) **Staffline and Bamboos:** **Can the company provide an update to shareholders regarding its plans for Staffline and Bamboos?**

Q2. On 1 October 2022, the company appointed Mr Albert George Hector Ellis as an independent director. Mr Albert Ellis has been the chief executive officer of Staffline Group Plc since October 2020.

The company holds 25.07 million ordinary shares of Staffline Group Plc, making it the second largest shareholder with a 15.3% stake, behind Henry Spain Investment Services which has a 17.6% stake.

- (i) **Can the nominating committee (NC) provide shareholders with additional information regarding its review of the independence of Mr. Albert Ellis? What factors did the NC consider with respect to Mr. Ellis's position as the CEO of Staffline Group Plc, in which the company holds a 15.3% stake?**
- (ii) **Does the NC believe that the relationship is not likely to interfere, or be perceived to interfere, with the director's ability to exercise independent business judgement in the best interests of the company?**

Q3. The attendance of directors at board and board committee meetings is shown on page 81 of the annual report and reproduced below.

Type of Meetings	Board	AC	NC	RC	AGM
No. of Meetings Held	2	3	1	1	1
Name of Directors	No. of Meetings Attended				
Peter Sim	2	2*	1	1*	1
JS Sim	2	2*	1*	–	1
Adeline Sim	2	3*	1*	–	1
Mae Heng	2	3	1	1	1
Gao Yong (Appointed on 1 January 2022)	2	2*	1*	–	1
Pong Chen Yih (Appointed on 1 July 2022)	1	1	–	–	–
Hiroshi Sato (Appointed on 1 July 2022)	1	1	–	–	–
Albert Ellis (Appointed on 1 October 2022)	–	–	–	–	–
Sin Boon Ann (Retired at the AGM held on 28 April 2022)	1	1	1	1	1
NS Tan (Resigned on 2 May 2022)	1	1	1	1	1

* Attended by Invitation

(Source: company annual report)

- (i) **Can the board help shareholders better understand if it is the usual practice for non-board committee members (especially the executive directors) to attend board committee meetings?**
- (ii) Such board committee meetings would have included agenda items on interested party transactions, performance assessment and remuneration of the executive directors and on the audit/financial reporting/internal controls of the group. **What is the dynamic of the board committee meetings when the board committee members may be reviewing and discussing matters that are related to or affect the executive directors?**
- (iii) **Specifically, would the board committee meetings become "regular" board meetings, potentially undermining the purpose of having independent board committees?**
- (iv) **Are the board committees given the opportunity and the autonomy to make decisions objectively and independently?**



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Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](http://www.sias.org.sg)

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