



HRNETGROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201625854G)

BINDING TERM SHEET TO INVEST IN A JOINT-VENTURE TO FURTHER DRIVE HRNETGROUP'S EXPANSION INTO CHINA

The Board of Directors (the "Board") of HRnetGroup Limited (the "Company" and together with its subsidiaries, the "Group") is pleased to announce that the Company has entered into a binding term sheet (the "Term Sheet") on 11 Jan 2018 with various individuals and the current shareholders of REForce (Shanghai) Human Resources Management Consulting Co., Ltd and their affiliates (referred to as "Partners" who will incorporate a separate company for this purpose).

The Term Sheet is subject to the entry into certain definitive agreements (including without limitation, sales and purchase agreement, shareholders' agreement and such other ancillary documents) ("Transaction Agreements") between the parties with respect to their relationship as shareholders of REForce. The other salient terms of the Term Sheet are as follows:

- i. the Company or any of its designated affiliates, will acquire 51% of the shares in REForce (Shanghai) Human Resources Management Consulting Co., Ltd ("REForce"), to which the relevant assets and recruitment business currently operated by Beijing REForce Management Consulting Co., Ltd and its relevant affiliates shall be transferred in accordance with such structure as may be agreed by the parties;
- ii. in connection with such acquisition, the Company has agreed to pay a cash consideration (the "Consideration") to the Partners. No consideration shares will be issued by the Company in relation to the acquisition. The Consideration will comprise three components: 10%, 45% and 45% of the Consideration will be calculated with respect to the financial years ending 31 December 2017, 2018 and 2019 respectively. In each of these financial years, the relevant proportion of the Consideration will be calculated based on a tiered price-earnings multiple (as agreed between the parties taking into consideration the anticipated performance and value of REForce) of the actual net profit after tax of REForce for the relevant financial year ending, subject to a minimum level of net profit after tax for that year, as agreed between the parties.

In the event that REForce does not achieve the minimum agreed level of NPAT (as referred to above) by a variance of 5% or more for two consecutive years, the Group shall be entitled to terminate the acquisition and to require the Partners to purchase its shares in REForce.

- iii. The Group will extend a RMB 3 million shareholders' loan to REForce for operation and expansion purposes, for which a shareholders' loan agreement will be entered into between REForce and the Group;

iv. the Partners shall enter into employment contracts with REForce as well as non-compete agreements where they will undertake not to, amongst others, compete with the business of the Group;

v. the Board of Directors of REForce shall be composed of 3 Directors, of whom 2 shall be appointed by the Group, and 1 shall be appointed by the Partners; and

vi. the transaction as envisaged in the Term Sheet is conditional upon, amongst others, satisfactory due diligence by the Group.

The acquisition of the relevant assets and recruitment business currently operated by REForce and its relevant affiliates, as envisaged under the Term Sheet, is part of the Company's continuing efforts to expand its core business of recruitment services. Such expansion is in the ordinary course of business.

As mentioned above, the Term Sheet is subject to satisfactory due diligence by the Group as well as the entry into definitive Transaction Agreements and there is no assurance that the transaction as envisaged in the term sheet will complete or that any definitive transaction(s) will materialise from the Term Sheet.

None of the Directors and controlling shareholders of the Company has any interest, direct or indirect, in the said transaction, other than through their respective directorships and shareholdings in the Company.

The Company will make further announcements, in compliance with requirements of the Listing Rules of SGX-ST, upon the execution of the Definitive Agreement and/or when there are material developments in respect of the said transaction.

Shareholders and potential investors are advised to exercise caution in trading the shares in the Company as there is no certainty or assurance as at the date of this announcement that the Definitive Agreement will be entered into, the terms and conditions of the transaction will not differ from that set out in the Term Sheet, or the transaction will be undertaken at all.

Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

By Order of the Board

Sim Yong Siang
Founding Chairman
11 January 2018

The admission and listing of the Company on the Singapore Exchange Securities Trading Limited (the "Listing") was sponsored by Deutsche Bank AG, Singapore Branch. Credit Suisse (Singapore) Limited, Deutsche Bank AG, Singapore Branch, DBS Bank Ltd. and Nomura Singapore Limited were the joint bookrunners and underwriters for the Listing. Credit Suisse (Singapore) Limited, Deutsche Bank AG, Singapore Branch, DBS Bank Ltd. and Nomura Singapore Limited assume no responsibility for the contents of this Announcement.