



HRNETGROUP LIMITED¹

(Incorporated in the Republic of Singapore)

(Company Registration No. 201625854G)

ANNOUNCEMENT

SIGNING OF DEFINITIVE AGREEMENTS RELATING TO ACQUISITION OF 51% SHARES IN REFORCE (SHANGHAI) HUMAN RESOURCES

The Board of Directors of HRnetGroup Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcement dated 11 January 2018 entitled “Binding Term Sheet to Invest in a Joint-Venture to Further Drive HRNetGroup’s Expansion into China”, and wishes to announce that it has on 9 June 2018 entered into definitive agreements relating to its acquisition of 51% of the shares in REForce (Shanghai) Human Resources Management Consulting Co., Ltd (“**REForce**”) which shall operate the 3-year old executive search business in Shanghai, Beijing, Guangzhou and Suzhou. The addition of Suzhou makes it our 4th city of operation in Mainland China and the 12th city for the Group.

“We are very excited with this first acquisition in China. Especially so with a group of individuals that feels like us from day one of our meeting. And in the course of our interactions these last few months, it’s indeed a marriage of mind and hearts. With this acquisition and others going forward, we will continue to grow our North Asian footprint as intended at IPO.” Said Madeline Wan, Group Business Leader and Senior General Manager of the Greater China and Japan businesses for HRnetOne. Madeline is the Group’s sponsor for REForce, and is working closely to induct, coach, support and facilitate the new co-owners to maximize the synergies with the Group.

REForce, which stands for Recruitment Expert Force, has a high growth track record that is led by a team of owner managers that jointly hold 49% shares in the joint venture company. REForce comes with a staff strength of 68, raising our headcount to 187 in Mainland China and 865 in Asia. It specializes in mid-senior level recruitment in sales & marketing, operations, R&D, HR, Finance and legal positions; and consumer, new energy automotive, financial services, industrial and TMT sectors. Whilst its immediate contribution to the Group’s financial results is not expected to be material in the current financial year, this acquisition by the Group further solidifies the Group’s position as a leading recruitment player in Mainland China’s growth cities.

The agreements executed include a Share Purchase Agreement and Shareholders Agreement which track materially the salient terms of the term sheet signed and announced on 11 January 2018, and the satisfaction of the consideration has now been agreed to comprise three tranches as follows:

- a. 10% on the applicable tiered price-earnings multiple (PE) on the profits of the 12 months ended 31 December 2017. This is now agreed as RMB 1.4m, payable upon completion;

¹ The initial public offering of the Company was sponsored by Deutsche Bank AG, Singapore Branch (the “**Sole Issue Manager**”). The Sole Issue Manager assumes no responsibility for the contents of this announcement.

- b. 45% on the applicable PE on the profits of the 12 months after the completion date (1st Target Year). The minimum profits for the 1st Target year has been set as RMB 12.5m; and
- c. 45% on the applicable PE on the profits of the 12 months after the 1st Target Year (2nd Target Year). The minimum profits for the 2nd Target year has been set as RMB 20m.

The Group will work with the team at REForce towards fulfilling the conditions for completion with a view to commence operations as a joint venture in the third quarter of 2018, subject to the obtaining of relevant licences and business transfer procedures. A further announcement will be made upon completion of the acquisition.

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 acquisition is part of the Company's continuing efforts to expand its core business of recruitment services, and is in the ordinary course of its business.

By Order of the Board

Sim Yong Siang
Founding Chairman
9 June 2018