



HRNETGROUP LIMITED

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

INCREASE IN HOLDING IN STAFFLINE GROUP PLC TO 29.95%

The Board of Directors of HRnetGroup Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce, pursuant to Rules 704(17)(d), 704(30) of the Singapore Exchange Securities Trading Limited Listing Manual and further to the announcements made on 1 August 2019, the following:

(a) Acquisitions of Additional Shares in Staffline Group plc

The Group had acquired an aggregate of 3,397,333 shares representing an aggregate of 4.93% voting rights in Staffline Group plc (“**Staffline**”) (the “**Additional Shares**”) for an aggregate cash consideration of approximately £5.4 million (the “**Acquisitions**”). Staffline is listed on AIM, a sub-market of the London Stock Exchange, and is a leading workforce recruitment and training organisation providing services, mainly in the United Kingdom and Ireland, to both government and commercial customers. Following the Acquisitions, the Company’s total holding in Staffline had increased from approximately 25.02% to 29.95% of the total voting rights of Staffline.

The Acquisitions were completed by way of married and non-married on-market transactions. In the former case, the consideration was arrived at following negotiations with the relevant seller on a willing-buyer, willing seller basis while in the latter case, the consideration was arrived at based on the prevailing market value of the shares of Staffline as at the time of the relevant transaction. The Acquisitions were funded through internal resources (namely, the net proceeds raised from the Company’s initial public offering as further described below).

Based on Staffline’s audited consolidated financial statements for the year ended 31 December 2018 as disclosed in Staffline’s Annual Report 2018, the book value and net tangible asset value (excluding goodwill and other intangible assets) attributable to the Additional Shares was approximately £4.5 million and negative £(3.4) million as at 31 December 2018 respectively. The open market value attributable to the Additional Shares was approximately £5.3 million, based on the closing price of £1.55 per share of Staffline on AIM on 3 September 2019 (London time).

The Acquisitions form part of the Company’s investment in furtherance of its strategy to deepen its reach in markets in the human resources space.

No director or controlling shareholder of the Company has any interest, direct or indirect, in the Acquisitions save for their respective shareholdings in the Company.

The effect of the Acquisitions on the earnings per share or net tangible assets per share of the Group is immaterial, assuming that the Acquisitions had been effected at 1 January 2018 and 31 December 2018 respectively.

The Acquisitions did not result in the Company's aggregate cost of investment in quoted securities exceeding a multiple of 5.0% of the audited consolidated net tangible assets of the Company as at 31 December 2018.

(b) Use of Proceeds

Since the last announcement regarding use of IPO proceeds dated 1 August 2019, an aggregate of approximately S\$12.3 million of the gross proceeds of approximately S\$174.1 million raised from the Company's initial public offering had been utilised as follows:

- (i) approximately S\$9.4 million for the payment of the cash consideration for the acquisition of shares representing voting rights in Staffline as well as the related acquisition costs (namely, brokers' commission and professional fees); and
- (ii) approximately S\$2.9 million for the purchase of other marketable securities.

The above uses were in accordance with the intended use of proceeds of the Company's initial public offering and in accordance with the amount allocated as stated in the prospectus dated 8 June 2017 registered by the Company with the Monetary Authority of Singapore.

Following the above uses, the Company would have disbursed an aggregate of approximately S\$113.2 million of the proceeds to date, and the amount of unutilised proceeds is approximately S\$60.9 million.

BY ORDER OF THE BOARD

Sim Wei Ling, Adeline
(Mrs Tan Wei Ling, Adeline)
Executive Director
5 September 2019