



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

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**RESPONSE TO SGX'S QUERIES ON UNAUDITED FINANCIAL STATEMENT FOR THE  
FINANCIAL YEAR ENDED 31 DECEMBER 2018,  
AND THE BUSINESS TIMES ARTICLE DATED 23 FEBRUARY 2019**

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The Board of Directors (the "Board") of HRnetGroup Limited (the "Company", together with its subsidiaries, the "Group") refers to the queries raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") in respect of Company's unaudited financial statement for the financial year ended 31 December 2018 (the "Financial Statement") and the Business Times article dated 23 February 2019, entitled "HRnetGroup eyes expansion into new markets" (the "Article"), and wishes to respond to the queries as follows:

**SGX-ST's query:**

We note that the Article stated that the Company "expects gross profit from North Asia to surpass 50 per cent of the total in three years".

Listing Rule 703 and Appendix 7.1 (Corporate Disclosure Policy), in particular, paragraph 11 of Appendix 7.1 (Corporate Disclosure Policy) of the Listing Rules, provide that estimates or projections released "should be prepared carefully, be soundly based and should be realistic".

Please clarify if the aforesaid statement in the Article constitutes an "estimate or projection" for the purposes of Listing Rule 703 and if so, please state the Company's basis for the said "estimate or projection".

**Company's response:**

The Group would like to clarify that the statement was not intended to be a formal estimate or projection for the purposes of Listing Rule 703, read with Paragraph 11 of Appendix 7.1 of the Listing Rules. Nonetheless, the statement was made based on the analysis of past historical trends and current business operations and upcoming plans, which have been already publicly disclosed, to derive what the Company believes is a reasonable expectation of the possible state of the Group's business in three years' time. The basis of the Company's analyses is set out below.

As seen from the table below, North Asia's contribution to Gross Profit has grown steadily from 35% in 2014 to 43% in 2018.

***Contribution to Gross Profit by Geographical Regions***

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Singapore	54%	58%	57%	59%	60%
North Asia	43%	38%	39%	37%	35%
Rest of Asia	4%	4%	4%	4%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Furthermore, North Asia's growth in gross profit has been consistently higher than Singapore's (the biggest contributor currently) and the Group's since 2014. The gross profit growth CAGR for 2014 – 2018 is 10% for North Asia, as opposed to 2% for Singapore, and in 2018 North Asia's gross profit grew by 27% as opposed to 6% for Singapore.

### ***Business Expansion Plans and Contribution***

In 2018, the Group had expanded through inorganic acquisitions resulting in three new subsidiaries of the Company, of which two, namely REForce and Career Personnel, are operating in the North Asian region. REForce was consolidated from 1 September 2018, while Career Personnel, from 1 October 2018. For the financial year ending 31 December 2019 (“FY2019”), both of these entities will be consolidated for the full year.

In addition, the Group is also expanding organically in FY2019. Of the three new organic subsidiaries which we have announced will be commencing operations in 2019, two of them, namely RecruitFirst Shanghai and HRnetOne Shenzhen, are operating in North Asia and will therefore contribute towards North Asia’s performance.

### ***Conclusion***

Based on the growth trajectories of the Group’s businesses in the respective regions, as well as the inorganic and organic business expansions in North Asia, the Company believes, barring unforeseen circumstances such as any changes in the macro-economic conditions affecting Group operations, and assuming that the growth trajectories continue in a trend that is consistent with the trends that are discussed above, that the Group’s North Asia operations may contribute 50% of the Group’s gross profits in three years. This is an indication of relative performance between the different regions, and does not constitute an estimate or forecast of actual gross or net profit numbers which may be achieved by the Group, or in particular for North Asia.

By Order of the Board

Adeline Sim  
Executive Director & Chief Legal Officer

25 February 2019

*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 book runners and underwriters for the Listing. Credit Suisse (Singapore) Limited, Deutsche Bank AG, Singapore Branch, DBS Bank Ltd. and Nomura*