



**HRNETGROUP LIMITED<sup>1</sup>**

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

**CAPITAL AND BUSINESS ALLIANCE AGREEMENT WITH TECHNOPRO HOLDINGS, INC.**

The Board of Directors (the “**Board**”) of HRnetGroup Limited (the “**Company**”) wishes to announce that the Company has on 31 July 2017 entered into a capital and business alliance agreement (“**Alliance Agreement**”) with TechnoPro Holdings, Inc. (“**TechnoPro**”). TechnoPro is listed on the Tokyo Stock Exchange and is Japan’s largest engineering staffing company.

Pursuant to the terms of the Alliance Agreement, the parties agreed to explore a business alliance in respect of the following:

- (i) joint conduct of business development activities targeted at Japanese companies with operations in the Asia-Pacific region with a view to deepening the parties’ commercial engagements with such clients;
- (ii) provision of support by the Company to TechnoPro in connection with TechnoPro’s acquisition of engineering staff/talent as part of the growth strategy of TechnoPro;
- (iii) working together to grow and take on a leading role in the executive placement industry in Japan; and
- (iv) joint collaboration on the development of the parties’ engineering outsourcing and placement businesses in Asia.

The parties have also agreed to establish a cross-shareholding structure with each party holding up to three per cent. of the shares of the other party. As at the date of this Announcement, TechnoPro is one of the strategic investors in the Company while the Company is also a shareholder of TechnoPro. The aggregate cost of the Company’s investment in quoted securities, including those of TechnoPro, is less than five per cent. of the Company’s latest audited consolidated net tangible assets.

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<sup>1</sup> *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.*

The Alliance Agreement also requires the parties to pursue the following matters:

- (a) planning of a capital alliance;
- (b) co-investment opportunities in businesses relating to human resources in Asia; and
- (c) equity restructuring activities and potential joint venture arrangements in Asia.

The entry into the Alliance Agreement is not expected to have any material impact on the consolidated net tangible assets and earnings per share of the Company for the financial year ending 31 December 2017.

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the aforesaid transaction, save for their shareholdings in the Company.

Further details are also set out in the announcement dated 31 July 2017 released by TechnoPro, a copy of which is appended to this Announcement.

By Order of the Board

Sim Yong Siang  
Founding Chairman

31 July 2017

## APPENDIX

July 31, 2017

To Whom It May Concern,

Corporate Name: TechnoPro Holdings, Inc.  
Representative: Yasuji Nishio, president, representative director, and CEO  
(Securities Code: 6028, TSE First Section)  
Contact: Hiroshi Sato, director and CFO  
(TEL. +81-3-6385-7998)

## **Announcement Concerning Capital and Business Alliance Agreement with HRnetGroup Limited.**

TechnoPro Holdings, Inc. ('TechnoPro') today announced that it has entered into a capital and business alliance agreement with HRnetGroup Limited, a company incorporated in Singapore ('HRnet').

### **1. Background**

TechnoPro invested JPY 2,176 million<sup>1</sup> in HRnet (3% of share ownership) by way of a cornerstone subscription agreement TechnoPro entered into on May 26, 2017. On June 16, 2017, HRnet undertook an initial public offering ('IPO') on the Main Board of the Singapore Exchange Securities Trading Limited (the 'Singapore Exchange').

Japanese corporations are increasingly globalizing their engineering development functions. This trend will continue over the medium and long term, leading to an increase in demand for development outsourcing, for localizing, and for transitioning to local personnel at their overseas subsidiaries in Asia. At the same time, TechnoPro expects an increase in demand for highly skilled foreign professionals in Japan, due to the shortage of supply for domestic engineers as reflected in the Japan Revitalization Strategy 2016 report. Accordingly, TechnoPro views expansion in Asia as indispensable for both delivering more value to clients, and acquiring engineers as its own driver of growth.

Meanwhile, HRnet's strategy is to be the dominant professional recruitment and flexible staffing firm in Asian growth cities with high level of commercial activities and job opportunities, large and growing populations with large labour force and young population demographics, so as to maintain its strong growth trajectory without affecting profitability. HRnetGroup intends to penetrate deeper into existing markets within Asia, especially North Asia. The company will also opportunistically seek out strategic acquisitions and partnerships to further entrench itself in existing markets or to enter into new ones.

Since HRnet's IPO, TechnoPro and HRnet ('Both Parties') managements have had several discussions to derive synergies from alliance, and have entered into a capital and business alliance agreement.

### **2. Content of Capital and Business Alliance**

Both Parties will aim at business alliance in the following matters:

- (1) jointly conducting business development activities aimed at Japanese companies with operations in the Asia-Pacific region, in order for Both Parties to deepen their commercial engagements with these clients across the region;
- (2) HRnet supporting TechnoPro in its acquisition of talented engineering staff in order to fuel the growth of its business;
- (3) together growing and taking on a leading role in the executive placement industry in Japan; and
- (4) co-working on the development of the engineering outsourcing and placement businesses in Asia.

In addition to the above, both parties agreed to the establishment of a cross-shareholding structure involving the holding by each party of up to three per cent. (3%) of the shares of the other party.

Furthermore, Both Parties will pursue possibilities in the following aspects:

- (1) future planning of a capital alliance between Both Parties;
- (2) co-investment opportunities into businesses relating to human resources in Asia; and
- (3) equity restructuring activities and potential joint venture arrangements in Asia, including any mergers, acquisitions or disposals of corporate entities.

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<sup>1</sup> SGD1=JPY79.68

### 3. HRnetGroup Limited Overview

(1)	Name	HRnetGroup Limited		
(2)	Address	391A Orchard Road #23-06 Ngee Ann City Tower A Singapore 238873		
(3)	Founding Chairman	Peter Sim		
(4)	Operating Segments	Professional recruitment and flexible staffing services		
(5)	Share Capital <sup>2</sup>	SGD 48.524 million		
(6)	Year that the HRnet Group was Founded	1992		
(7)	Major Shareholders, Ownership as at FYE December 2016	SIMCO Ltd (97.7%), Vanda 1 Investments Pte. Ltd. ('Vanda 1')* (2.3%) * Vanda 1 is a private limited company managed and controlled by Heliconia Capital Management Pte. Ltd.(a wholly-owned subsidiary of Temasek Holdings (Private) Limited)		
(8)	Relationship between TechnoPro and HRnet	TechnoPro holds 3% of HRnet shares as at July 31, 2017. No personal, or transactional relationships exist between TechnoPro and HRnet.		
(9)	Consolidated Earnings and Financial Position for Financial Years ended ('FYE') December 2014, 2015 and 2016 (HRnetGroup Limited, SGD thousands)			
	Fiscal Year	FYE December 2014	FYE December 2015	FYE December 2016
	Net Assets	144,769	136,315	97,205
	Total Assets	191,645	189,818	178,259
	Total Revenue	324,452	356,014	365,043
	Profit before income tax	45,915	52,113	59,287
	Profit for the year	37,966	43,346	48,434
	Profit attributable to Owners of the parent company	33,351	38,183	41,085
	Basic and diluted earnings per Share <sup>3</sup>	4.34	4.97	5.35

### 4. Timetable

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|-----------------------------------|--------------|
| (1) Board of Directors resolution | July 31 2017 |
| (2) Contracts signed              | July 31 2017 |

### 5. Future Outlook

As this alliance is not expected to have a material impact on earnings in the short term, TechnoPro does not plan to reflect it in consolidated forecasts for FYE June 2018.

#### Note on translation

This is a translation of the original Japanese document and is provided for informational purpose only. If there are any discrepancies between this and the original, the original Japanese document prevails.

<sup>2</sup> As at March 31 2017 (Prior to HRnet IPO)

<sup>3</sup> Numbers are in cents (SGD). Basic and diluted earnings per Share have been computed based on the pre-offering share capital of 767,734,671 Shares.