

May 29, 2017

To Whom It May Concern,

Corporate Name: TechnoPro Holdings, Inc.  
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**Announcement Concerning Investment in HRnetGroup Limited**

TechnoPro Holdings, Inc. ('TechnoPro') today announced that it has entered into a cornerstone subscription agreement with HRnetGroup Limited, a company incorporated in Singapore ('HRnet'). This investment represents a first step in TechnoPro's business development into Asia in concert with a core partner. In the near future, TechnoPro and HRnet will move forward with discussions on the alliance, while TechnoPro finalizes and begins to implement its plans for expansion in Asia.

**1. Investment Overview**

HRnet is incorporated in Singapore and operates in 10 Asian growth cities, namely, Singapore (where its headquarters are located), Kuala Lumpur, Bangkok, Hong Kong, Taipei, Guangzhou, Shanghai, Beijing, Tokyo and Seoul. It operates and manages its business primarily as two operating segments, namely flexible staffing and professional recruitment. According to Frost & Sullivan GIC Malaysia Sdn Bhd, HRnet is the largest Asia-based recruitment agency in Asia Pacific (excluding Japan), as compared to other key players within the professional recruitment and flexible staffing industry with presence in Asia Pacific. It has regional presence and the breadth and depth of choice in its candidate pool and it deploys consultants with relevant expertise and experience to identify and source potential candidates from its local and regional contacts. For its most recent financial year, the combined net profit of HRnet and its subsidiaries ('HRnet Group') was approximately SGD48 million (equivalent to approximately JPY4 billion) and the combined revenue of HRnet Group was approximately SGD365 million (equivalent to approximately JPY30 billion).

HRnet plans to undertake an initial public offering ('IPO') on the Main Board of the Singapore Exchange Securities Trading Limited (the 'Singapore Exchange') and list its shares on the Singapore Exchange in June this year. At the same time but separate from the IPO, TechnoPro will subscribe for 30,344,000 new shares at the public offering price.

HRnet Operating Locations



HRnet Key Brands



## 2. Alliance

TechnoPro published its medium-term management plan, *Growth 1000*, on August 3, 2015. One growth strategy identified in this plan is global business development, particularly throughout Asia. TechnoPro intends to continue this policy in its next medium-term management plan.

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 overseas subsidiaries in Asia. At the same time, TechnoPro expects an increase in demand for highly skilled foreign professionals in Japan, due to 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 for HRnet Group to be present in Asian growth cities with high level of commercial activities and job opportunities, a large and growing population with a large labour force and young population demographics so as to maintain its strong growth trajectory without affecting its profitability. HRnet Group 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.

TechnoPro believes an alliance with a core partner is the best course of action for its Asian expansion, since this approach will preserve and expand strategic options, while minimizing risks. The decision to forge a stronger alliance with HRnet is based on two factors: (1) HRnet's ability to source for suitable candidates who possess the skills and/or experience necessary the requirements of its clients and (2) the complementary relationship between TechnoPro, a provider of engineer staffing and services, and HRnet, a provider of professional recruitment services.

More specifically, this alliance is expected to provide several advantages for TechnoPro:

- (1) Provide local recruitment support for the Asian operations of Japanese corporations
- (2) Acquire engineering professionals for its engineering development outsourcing business in Japan and Asia
- (3) Develop the ability to provide a diverse range of human resources services beyond engineer staffing

The managements of both companies have started initial talks to achieve the synergies from this alliance.

### 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	SGD48.524million		
(6)	Year that the HRnet Group was Founded	1992		
(7)	Major Shareholders, Ownership as at the date of the announcement	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	No equity, 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 for the year	37,966	43,346	48,434
	Basic and diluted earnings per Share <sup>(1)</sup>	4.34	4.97	5.35

Note:

(1) 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.

### 4. Future Outlook

As this investment is not expected to have a material impact on earnings, TechnoPro does not plan to revise earnings forecasts for the fiscal year ending June 2017.

After the IPO on the Singapore Exchange, TechnoPro aims to execute business alliance agreements and further equity tie-ups with HRnet to generate sustainable growth for both companies in Asia. TechnoPro will disclose the details of business alliance agreements, etc. as such become finalized. TechnoPro is considering including the impact of this partnership in its new medium-term management plan, scheduled to be published in July 2017.

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.