

## **Beijing Zhongji Zhonghe International Technical Services Ltd. Establishes Shenzhen Branch Office**

We are pleased to give notice that our subsidiary Beijing Zhongji Zhonghe International Technical Services Ltd. ("Zhongji Zhonghe") (北京中基衆合國際技術服務有限公司 ("中基衆合")) has established a branch office in Shenzhen in South China and taken into operation from January 4, 2012.

### 1. Reason for establishing the subsidiary

Our subsidiary Zhongji Zhonghe was established in December 2010 to initiate operation of manufacturing worker dispatch in China. It is the first Japanese-affiliated company in China to obtain a license for labor dispatch services (including the dispatches of manufacturing workers and engineers and other workers).

The Shenzhen branch office, the second after the Wuxi branch office set up in September 2011, was established for the following purposes.

- (1) Expansion of manufacturing worker dispatch in South China**
- (2) Synergy effects with subsidiaries SHIMA Electronic Industry Co., Ltd. and TKR Corporation.  
Quality improvement of manufacturing worker dispatch and contracting services**
- (3) Construction of a business platform for the business strategy concept "neo EMS"**

For Japanese-affiliated manufacturers operating in China, securing staff at the location of production has been difficult and attended by problems such as production inefficiencies from low staff retention ratios. Shenzhen, with approximately 600 Japanese-affiliated companies, has been named as the city with the highest minimum monthly wage level at 1,320 yuan (approximately 15,800 yen)\*, reflecting also troubling high labor costs. The location is therefore considered a source of huge demand not only for manpower but also for manufacturing worker dispatch and contracting services that enable the variability of labor costs.

Shenzhen is also the location of the China-based Shenzhen factory of SHIMA Electronic Industry Co., Ltd., with the factory of TKR Corporation located in nearby Dongguan. Based on to staff training using the manufacturing training expertise of both factories, this location enables the dispatch of high-quality staff to Japanese-affiliated manufacturers in the periphery and the provision of contracting services using the same high-quality human resources. The Group does not just only dispatch the needed number of staff but by relying on personnel trained at the nms Group is able to provide high-quality manufacturing worker dispatch and contracting services that help enhance the productivity required by Japanese-affiliated manufacturers at their production sites.

These offerings, which meld the flexibility of manpower supply with *Monozukuri* (manufacturing) services, give tangible shape to the innovative EMS format encapsulated by nms's business strategy concept, the "neo EMS (Advanced EMS)." \* According to a release by the Chinese Social Security Department dated October 25, 2011.

### 2. Corporate Profile of Subsidiary

Company Name: 北京中基衆合國際技術服務有限公司 深圳分公司  
(Beijing Zhongji Zhonghe International Technical Services Ltd., Shenzhen Branch Office)

Location:深圳市福田区香林路富春东方大厦 1311 室

(Room 1311, Fuchun Dongfang Building, Xianglin Road, Futian District, Shenzhen City)

Business activities: Labor dispatch services (including the dispatches of manufacturing workers and engineers and other workers) and recruitment operations

Date founded: January 4, 2012

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