

28th March 2013
Nippon Manufacturing Services Corporation

The Chinese company, Human Resources Services Corporation from Binhu, Wuxi city, is to become a subsidiary of Sino Manufacturing Services Corporation (SMS), a subsidiary of nms
-This is a company operating with Japanese funding (the first of its kind in this field), and it is the Administration and Management Arm of the Bureau of Human Resources and Social Security, Binhu, Wuxi city-

Sino Manufacturing Services Corporation, Beijing (referred to as “SMS” below), which is a subsidiary of our company, has made the Human Resources Services Corporation from Binhu, Wuxi city, which is a human resources services company owned by the administration of Binhu district in Wuxi city, into its subsidiary.

This report is based on the agreement which has been signed in Wuxi city, China on the 25th of March, 2013 (Monday)

1. The subsidiarisation scheme (Subsidiarisation of a semi-governmental Chinese enterprise)

(1) Target company

Name of the company	無錫市濱湖人力資源服務有限公司 Human Resources Services Corporation in Binhu,, Wuxi city
Represented by	段 建強
Established on	26 th July 2006
Address	38,Liangxi road , Wuxi city
Paid up capital	500,000 yuan
Investment ratio	Government enterprise : 無錫市城開投資發展公司 (referred to as 無錫市投資發展公司 below) 40% Private enterprise : 心連心人力資源服務有限公司 (known as 心連心有限公司 below) 60%
Nature of business	<ul style="list-style-type: none"> ● Providing information on human resources, placement of personnel in organisations (the functions being performed in Japan by the official body known as the Public Employment Security Office) ● Undertaking outsourced work for the human resources function (Recruitment, Social insurance office work, and HR functions such as paperwork for the family register) ● Administration of the WEB employment network (Taihu Network) ● Education and Training services

(2) The subsidiarisation scheme

- The entire investment holdings of 心連心有限公司 (Private enterprise) is transferred to SMS
- After the transfer, the investment ratio is: SMS 60%, 無錫市投資發展公司, 40%



2. The background of subsidiarisation

(1) Initiatives by our company in the human resources business in China so far

Year and Month	Particulars
December 2010	<ul style="list-style-type: none"> Established SMS as a company with Japanese funding, and acquired a permit for despatch of labour there. Started a business for despatch of labour on a contract basis for manufacturing activities in China
December 2010 (<ul style="list-style-type: none"> Our subsidiary, Sino-Japan Resource Creation Services Corporation, Beijing (referred to as Sino-Japan Resource Creation below) becomes the only company with Japanese funding to be nominated as a member of the advisory committee on labour economics and deployment of domestic labour President Zhang of Sino-Japan Resource Creation is appointed Vice-President of the committee
September 2011	Establishment of a branch in Wuxi
January 2012	Establishment of a branch in Shenzhen
July 2012	<p>Business tie-up with the Human Resource Development Center of Henan Province (a Government agency) with regard to human resources recruitment functions</p> <p>(SMS is the first human resources contracting organisation to enter into a business tie-up with the Human Resource Development Center of Henan Province)</p>

(2) Current problems faced by SMS

There is a high demand for manpower in the production facilities of Japanese manufacturers in China, and we have a backlog of 3000 personnel to be supplied to Japanese manufacturers, but we need to improve our capabilities to supply manpower and we need to develop newer routes for the recruitment of personnel.

3. Objective of subsidiarisation of the Human Resources Services Corporation in Binhu, Wuxi city

Through this subsidiarisation, we aim to strengthen our recruitment capability which is a current problem through the following:

- SMS, through its new subsidiary, the Human Resources Services Corporation in Binhu, Wuxi city, **will receive support for manpower recruitment from the Human Resources and Social Security Bureau which is a Government Agency present in every province, city and prefecture in China (and a participant in planning like the Public Employment Security Office which is its Japanese counterpart)**
- Leveraging the above personnel recruitment route to **strengthen our personnel recruitment capability in the whole of China.**



4. Future strategy of SMS

- **By leveraging on the official manpower procurement route throughout China, strengthening the manpower recruitment capability, and expanding the business of despatching workers for manufacturing as well as the contract services business. (By the end of March 2015, a planned sales value of 4 billion with about 8000 registered personnel)**
- **Expansion in opportunities for the human resources business because of the activities of the Web employment site (Taihu network)**
- **Provision of employment agency services and HR function outsourcing services**
* And with the amendment to the Chinese labour contract laws which will come into force on the 1st of July this year, we believe that the needs of every manufacturer will shift from simple despatch of workers for manufacturing to contract manufacturing which is the service provided by our company, and we believe that this amendment is a favourable development for our business in China.

5. Impact on the company results for this period (Year ending March 2013)

This will have no impact on the company's consolidated results for this period (Year ending March 2013).

Its impact on the consolidated results for the next period is currently under scrutiny, and if we predict any impact on the results, we will promptly disclose the same.

<Web employment site (Taihu network)>



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