

Kanematsu Electronics' Chinese Subsidiary to Begin Business on December 1st

– To Develop SI and Cloud Services for Japanese Business Making Inroads in China –

CHENGDU, China--([BUSINESS WIRE](#))-- Kanematsu Electronics Ltd. (President and CEO, Hideki Enomoto, headquartered in Tokyo, hereafter, KEL), has completed preparations for the establishment of a Chinese subsidiary, as noted in the release dated July 30th, 2010, *A Notice Regarding the Establishment of a Subsidiary in China*, and will formally begin business there commencing on December 1st. This release shall serve as notice of its business offering.

Our business for the Chinese market will focus on the following five services.

1. Off-shore Services (design contracting services for Japan-based manufacturing companies)
2. System Integration (SI) Services (local SI support for Japan-based businesses making inroads into China)
3. Japan-China Coordination Solutions (supporting both Japan and China for Japan-based companies making inroads into China)
4. Cloud Services (providing cloud services for IT infrastructure and business-related applications)
5. Global Management Services (supporting the resolution of global management issues in conjunction with consulting firms)

KEL will continue to further develop its services to support Japan-based companies making inroads in China.

What's Behind the Establishment of our Chinese Subsidiary

With the rapid increase in China's economy, more and more Japanese businesses are making the decision to move into China, and as a result there is an urgent need for local information systems facilities. In addition, China is also rapidly converting to an information-based economy, and there is a growing need in this market for IT services.

Given this situation, KEL decided to establish a local subsidiary within a high-tech park in Chengdu, in Sichuan Province, the hub of China's industrial development.

* About Chengdu

The Chinese government established Chengdu as a leading-edge city for the IT industry, which has made it the focus of many global businesses. Chengdu has amassed a wealth of talented personnel in advanced technology, including research and development, software development, electronic parts design, and more. Chengdu has been aggressive in attracting businesses that produce value-added commodities, resulting in an impressive growth in the high-tech industries, including electronic information, precision instruments manufacturing and bio-tech (pharmaceuticals).

KEL intends to take full advantage of this business environment, focusing on off-shore and advanced contracting development to provide IT solutions optimized for China's IT environment.

In addition, KEL plans to offer a variety of consulting services for the management issues that operations in China and other overseas markets face.

Business Overview

1. Off-shore Services (design contracting services for Japan-based manufacturing companies)

KEL provides design development contracting services that utilize talented Chinese professionals for Japan-based manufacturing companies. Chinese designers are trained in Japanese and Japanese quality standards, and provide design quality at a Japanese level.

Our initial focus will be contracting for LSI design, but we plan to offer support services for mechanical design including automotive and electrical manufacturing.

2. SI Services

KEL supports the local SI structure for Japan-based businesses moving into China. We provide IT infrastructure design, layout, and maintenance services as well as the backup systems and security solutions needed for security strategies.

3. Japan-China Coordination Solutions

KEL provides seamless IT solutions to link the systems at its clients' headquarters and other sites in Japan with those of their subsidiary in China. Of particular importance is our support for the creation of design and development systems based on 3D CAD, such as CATIA, to take advantage of experience built up in Japan, for manufacturing companies now ready to make the move to China.

4. Cloud Services

Based on clients' business needs, KEL can provide local necessary IT resources as cloud services, supporting the optimization of their systems. For business-based applications, we are planning to start by offering Japan-based businesses front-office-based solutions such as supply chain management (SCM) and electronic data interchange (EDI) as cloud services. In the future, we are planning to offer back-office-based solutions as cloud services as well.

5. Global Management Services

The management issues facing a Japan-based business as it develops in China or elsewhere overseas are multiple and diverse and include personnel management, organization restructuring, M&A/business alliances, global SCM, the increasing importance of the role of design development, etc.

In light of all these management issues, KEL offers a variety of consulting services, working with consulting firms, from the strategic level that demands an immediate effect to business concept level for the medium- to long-term approach.

Overview of our Chinese Subsidiary

- (1)Name : Kanematsu Electronics (Chengdu) Ltd.
- (2)Representative : Director and President, Mikio Moriyama
- (3)Address : 11th Fl. Bldg. 10, Zone C, 81 Tianfu Software Park
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Sichuan Province, People's Republic of China
- Postal Code : 610041
- Tel : +86-28-6596-6671
- Fax : +86-28-6596-6672
- (4)Start of Business : December 1, 2010
- (5)Principal Business : LSI/mechanical parts design development
contracting
(off-shore services)/sales/layout, maintenance
and
operations of IT infrastructure equipment and
provision of cloud services
- (6)Accounting Period : December 31
- (7)Employees : Approximately 40 (planned for FY2013)
- (8)Principal Place of Business : Headquarters, Chengdu, Sichuan Province, PRC
- Planned Sales Locations : Shanghai, Beijing, Dalian, Guangzhou
- (9)Capitalization : US\$3,100,000
- (10)Investor : Kanematsu Electronics, Ltd. 100%

Kanematsu Electronics, Ltd. Overview

- (1)Name : Kanematsu Electronics, Ltd.
- (2)Business : Design/layout and operation services for business information systems based in IT, and system consulting and IT system products, and software import/export sales, rentals, leasing, maintenance, and personnel placement for development, manufacturing and labor

- (3)Headquarters : 2-17-5 Kyobashi, Chuo Ward, Tokyo Metropolitan District
(4)Representative : Chief Executive Officer, Hideki Enomoto
(5)Capitalization : JPY 9.03125 billion
(6)Sales : JPY 43.1 billion (as of March 2010)
(7)Employees : 1,067 (including affiliates), 590 (KEL alone)
(8)Website : <http://www.kel.co.jp>

* Product and company names appearing herein are the trademarks or the registered trademarks of their respective companies.

Contacts

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