

## [Special Feature: Overseas Report-Part 3] Showcasing the Business Bases in our East Asia Region

# Introduction to NEXTY Electronics in East Asia Region



Managing Director, East Asia Region  
Ryota Suganuma

### Message from Managing Director

I'm Ryota Suganuma and I was appointed to this position in the East Asia Region in April 2018. I would like to take this opportunity to thank all of our business partners for their continued generous support. The East Asia Region coverage area encompasses China, Taiwan, South Korea and Vietnam (as shown on the right-hand page). The entire staff of the East Asia Region of Toyota Tsusho NEXTY Electronics are as one committed striving to offer products and services to our customers that deliver even greater value, and we ask for your ongoing patronage. While we do business under the trading name "NEXTY Electronics" in Japan, the trading name for our offshore operations is "Toyota Tsusho NEXTY Electronics" and I would like to explain the reasoning behind this. When deciding on the new company name to be used in the East Asia region, we debated which of the following two approaches to take: "Focus on the pronunciation/sound of the name (Naidai)" or "Focus on the meaning (Next generation/leading-edge technologies)". As the result of including the managerial-level national staff working in the region who serve as our point of contact with customers, it was decided to choose to incorporate the Chinese characters meaning next generation electronics "NEXTY Electronics" into the trading name used in this region. And, we combined "Toyota Tsusho" as we are a member of the Toyota Tsusho group and "NEXTY Electronics" taking on board the will of the people working in the business locally to use Chinese characters to incorporate the meaning not just the sound of the name, thus creating the trading name Toyota Tsusho NEXTY Electronics to be used in this region. I would like to conclude this message with the assurance to our customers, who are our partners in innovation, that every single member of our staff working in the East Asia Region is committed to providing you with valuable offerings based on our leading-edge technologies.

※Leading edge: Being at the forefront of science and technology, etc. (Source: Shogakukan Chinese - Japanese Dictionary, Edition 3)

### Introducing Business Activities of Our Business Locations

#### Geographical Strengths

Since recording GDP of 6 trillion dollars in 2010, and overtaking Japan, China has continued its economic growth apace, and with GDP in excess of 13 trillion dollars is now closing in on the USA. The driver for this growth has been the manufacturing sector, which includes industries based on the electronics industry; such as home electrical appliances, computers and telecommunications equipment, and the car industry. Chinese peoples' standard of living has risen, and China is not just a manufacturing base but one of the world's largest consumer markets. Shenzhen in China is attracting attention as a cutting-edge technology hub, just as Silicon Valley in the Bay Area in USA, and Israel have in the past, and at the same time China's BAT (Baidu, Alibaba, and Tencent) are changing people's lives at a speed that is outpacing the US IT giants. According to the Ministry of Science and Technology of the People's Republic of China, the country now has 164 unicorn startups and there are great expectations that these will be a source of ongoing technology innovation.

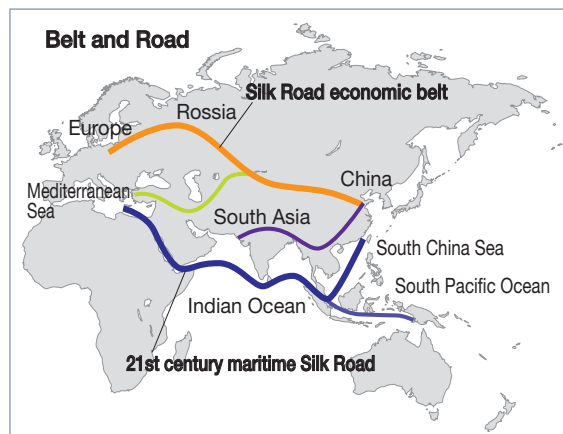
#### Structures of Our East Asia Region

We have built an organizational structure to cater to customer needs that consists of around 600 staff members across our corporate group, which includes approx. 150 staff members who are engaged in hardware, approx. 250 staff members who are engaged in the Software, approx. 30 new staff members joining from Toyota Tsusho, and approx. 150 staff members at Shanghai Hong Ri International Electronics Co., Ltd., which is a semiconductor and electronic parts distributor that is a joint venture between us and the Hong Ri Group. Please refer to the introduction to each of the companies and locations, as well as the size and function of each location, on the following pages (pg. 5 to 12). As shown on the locations map, we have set up operating bases in China's main cities as well as distribution centers and a quality support center, thereby providing robust support, not only for Japanese companies, but also for local customers.

#### Our Functions

Our Hardware Department, from our dozen or so locations within the region, supports the value chain of electronic semiconductor parts to our customers who are designing, manufacturing, and assembling products in East Asia. We will continue to enhance our Technical Support Department to ensure our organizational structure is capable of offering new technology goods and services and of supporting electronics peripheral technologies to our customers who have investigative, planning and design, and R&D functions in East Asia and to our local customers in the region, so that we can generate new value together. Our Software Development Department is expanding business operations centred on software development and product evaluation from our base in Dalian.

With a capital investment from iAuto (Shanghai) Co., LTD. a company with a track record in software development of over two decades in China, we intend to step up our development of in-car products even further. As fusion of disparate industries and sectors, such as cars and industrial devices, consumer electronics based platforms, etc., progresses even further in East Asia in future, the NEXTY Group will strive to bring together our hardware know-how and software development capabilities, design and manufacturing partners, quality function, and technology goods and services to provide functionality greater than the sum of its parts, thereby allowing us to offer our customers products and services that exceed their expectations.



# Be the Next Bridge, Making the World More Valuable through Electronics!

## Locations Map and Organization Chart



# Hong Kong Office

～通向崭新未来、让世界因电子技术而充满欢乐!～

## Message from Managing Director (Ryota Suganuma, Managing Director, East Asia Region and President, Hong Kong office)

The Hong Kong Office was one of the three overseas offices established in the 1990s. I would like to take this opportunity to thank all of our business partners for their continued generous support over the many years since the company's inception. The Hong Kong office is positioned as the East Asia integrated regional headquarters and holding company with the following companies in the East Asia Region coming under its umbrella; the Shanghai office, which manages the Northern China and Eastern China areas, and the Shenzhen office, which manages the Southern China area, as well as the Taiwan branch, and the Hanoi office. We are off to a new start this financial year with this integrated regional network consisting of three offices and 13 locations, as well as the sales offices to be opened in future, and the Dalian office under the umbrella of the Embedded Solutions Division, which is our in-house Software Development Department. We plan to establish a South Korean office next financial year. We will concentrate our Devices Sales Department resources in this region in the Shenzhen office and the Shanghai office, and the Customer Support Department will drive initiatives that will lead to improved efficiency and service quality. All of the offices within our East Asia Region will work to meet the needs of our business partners by providing total support, rather than individual support from each office.

## Basic Data

Company : TOYOTA TSUSHO  
Name : NEXTY ELECTRONICS  
HONG KONG CO., LIMITED.  
Address : Room 2702, Block 1, 27/F,  
Admiralty Centre, 18 Harcourt  
Road, Hong Kong  
Contact : TEL: 852-2312-6229  
FAX: 852-2375-1990  
Capital : 3,000,000 HK dollars  
Established : July 1995  
Employees : 35 (May 2018)



Means "Be the Next Bridge," Making the World More Fun through Electronics" in Chinese

## Characteristics and Strengths

Although some parts of this overlap with the details about the East Asia Region, at Toyota Tsusho NEXTY Electronics Hong Kong Co., Ltd., we provide the following support. If you have any inquiries or matters you would like to discuss regarding the East Asia Region, or if you do not know who to inquiry with, please contact us at the point of contact for the NEXTY Group's East Asia Region.

- We deliver to customers in Hong Kong, and for customers in the Northern China, Eastern China and Southern China areas to the customer's nominated warehouse within Hong Kong, and we also provide support for US-dollar denominated transactions and product exports to Japan and countries in Europe and the US.
- We provide technical proposals and value chain support to customers making maximum use of our 20-years plus relationships with suppliers in European countries and the US
- We offer Chinese products and Japanese products with the latest technology built-in and provide technical support including modularization and creation of total solutions
- We offer Design House/ODM services and supply components to EMS companies and after the products have been assembled we also provide support for product sales
- We of course provide temperature and humidity controlled electronic parts warehouse space of over 10,000 square meters and warehouse products in line with customer specifications, including label handling requirements
- We have set up a quality support center and conduct arrival of goods tests and inspections based on customer requirements agreed on based on consultations

If you contact us with inquiries relating to matters you are struggling with other than electronics we will also endeavour to serve as a bridge between you and various other parties including the relevant departments within Toyota Tsusho NEXTY Electronics Hong Kong Co., Ltd. Finally, we have produced Chinese language versions of our "Company Introduction Movie" (left-hand diagram) and "Quality Function Movie" designed to enhancing customer's understanding of the workings of our business. In some cases, customers on the Chinese mainland may not be able to view these videos, in which case, please inquire with your local NEXTY Electronics account manager.

## Geographical Strengths

Hong Kong has always had two main characteristics. Namely, its function as an international distribution hub and financial center. Under British rule, Hong Kong developed from the end of the 19th Century as a base for South China trade, and it has maintained its function as a distribution hub, with actuals since 2017 ranking Hong Kong in 1st place in terms of air freight volume handled \*1 (2nd place Shanghai), and in 6th place in terms of sea freight volume handled \*2 (1st place Shanghai, 3rd place Shenzhen, 4th place Ningbo). Symbols of Hong Kong's status in the financial sector include the Hong Kong stock exchange and the fact that the English owned the Hongkong Shanghai Banking established in Hong Kong in 1865, which now operates in the form of HSBC Holdings, which is positioned amongst the world's top ranking banks. Moreover, in 2017, the number of international flights that took off and landed at Hong Kong International Airport at around 5 million take offs and landings ranks in 1st place internationally, and in terms of number of passengers on international flights at 72 million, ranks 3rd place internationally\*1. In addition to tourists, the number of business visitors is also increasing dramatically, with Hong Kong serving as the gateway for travelers flowing into Shenzhen, Guangzhou, and the interior cities. Just as Shanghai is the gateway to Eastern China, Hong Kong is attracting attention again as the world's gateway to the Southern China region.

\*1: 1: From a Media Release by the Airports Council International (ACI). \*2: Reference - summary from Lloyd's of England



Currently under construction the "Hong Kong - Zhuhai - Macau Bridge" the world's longest bridge (total length around 56km)

## Regional Recommendations

"Hong Kong's million-dollar night view" and "Hong Kong a gourmet paradise" are often talked about, but looking at Hong Kong from a slightly different perspective, not just the night lights, but the city's day time scenery is also very pleasant and we recommend when sightseeing you take a walk along the seashore. The ingredients that go into the dishes served up in Hong Kong's numerous restaurants can also be obtained at the "markets" dotted throughout the city. So why not try checking them out for yourself when sightseeing. Finally, there is Hong Kong McDonald's. They are ahead of Japan's McDonald's, you order on a touch screen and payment is cashless.



View of ship in the harbor



Sights at the market



Scene at McDonald's



# Shenzhen Office

-Southern China Region Has Started Leading the World in Moving from "Manufacturing" to "R&D"-



President  
Kunio Saito

## Message

As of July 2018, NEXTY Electronics Shenzhen consists of a total team of 41 people, made up of 37 national staff members, 3 Japanese expats, and 1 trainee. Since June, 13 staff members of Shanghai Hong Ri Shenzhen Branch which is an affiliate company of ours, have come in and are sharing the office. Our coverage area is the Southern China region centred on Shenzhen and Dong Guan and the central region of Wuhan/Chengdu/Chongqing. In May, the Electronics Department of Toyota Tsusho Guangzhou joined the NEXTY Electronics Guangzhou branch putting in place a team of 66 staff members, in addition to our sales and customer staff based in Hong Kong, thereby enabling us to thoroughly support this coverage area.

## Basic Data

Company : TOYOTA TSUSHO  
Name : NEXTY ELECTRONICS  
SHENZHEN CO., LTD.  
Address : Suite A03-04, 12th Floor  
Anlian Plaza, 4018 Jintian  
Road, Futian District,  
Shenzhen, P.R.C. 518026  
Contact : TEL: 86-755-8828-6262  
FAX: 86-755-8828-4569  
Capital : 500,000 US dollars  
Established : May 2008  
Employees : 41 (July 2018)

## Characteristics and Strengths

Our office's coverage area in Southern and Central China, has 300 over accounts that are purely local customers and we make it possible for customers to conduct transactions in a variety of currencies, whether that be US dollars, Hong Kong dollars, Chinese yuan, etc. Since setting up our Guangzhou branch, it has also been possible to conduct stock operations utilizing our warehouse in Guangzhou. At the working level, we are also putting efforts into securing human resources from outside the electronics industry, and working on the challenge of improving our design capabilities from a broader perspective than just electronics and semiconductors. Specific projects include selling motors in combination with inverters, and together with partners developing and selling water sterilizers that utilize UV LEDs. Both are targeting local customers and it will be expansion of this business that will enable us to enjoy sustained growth and development, not just in the Southern China region, but also across the entire East Asia Region. In relation to our China strategy, which we are pursuing company-wide, there are many development companies in the Southern China region and we will develop a variety of different business models with these partners. We regard expanding sales of the products our company develops in China to many regions, including Japan, as one of our most important missions, and we intend to work in close contact with everyone beyond national borders.



## Geographical Strengths

The Southern China area, centered in Shenzhen/Guangzhou, which has enjoyed many of the most generous benefits of the Chinese Communist Party's reforms and open-door policies, is now at a crossroads. The software and communications technologies of companies in the Southern China region, such as Tencent and Huawei, which will probably lead the world's technologies in the near future, will be fused into electric vehicles and its related technologies, and automation and robotics technology in order to achieve further knowledge development as the world's factory, and making use of the benefits of being under the control of Chinese Communist Party rule, the government will invest huge amounts of capital. China, and the Southern China Region in particular, is becoming not just a "manufacturing hub" but a "creative hub." Shenzhen City's GDP for fiscal 2017 increased 8.8% on the previous year, reaching 2.24 trillion yuan (around 38 trillion yen). As a result, it has overtaken Hong Kong's GDP of 2.66 trillion Hong Kong dollars (36.4 trillion yen) and Shenzhen's economic size now exceeds that of Hong Kong. Shenzhen's economy continues to grow apace.

## Regional Recommendations

After 6pm, I often head to Lo Wu, located about 30 minutes from the Shenzhen office. There are many restaurants in the Lo Wu area, which is also dotted with other places to go after eating such as bars, health centers, and ramen noodle joints to end off the evening at. While they speak Japanese at the Guang Dong Hotel in particular, and of course at Soba Izakaya, there is also a range of health centers, convenience stores, etc., making longer business trips more comfortable.



The very convenient Guang Dong Hotel



This is an invaluable restaurant for Japanese expats where they can eat Shogayaki (pork ginger) that tastes the same as in Japan



Lo Wu city

# Shanghai Office

## - 14th Year in Business and Looking to Create Further Business Models -



General Manager  
Eimei Aoshima

### Message

Non Ho (Hello) Everyone! I'm General Manager (as well as having other positions) Aoshima from the Shanghai office. We are now in the 14th year since Toyota Tsusho NEXTY Electronics Shanghai Co., Ltd. was established as a representative office in 2003 (before becoming a local subsidiary in 2005). The area we are responsible for is the Eastern China region including the Yangtze Delta (Suzhou, Hangzhou, Nanjing, and Tsingtao), and to the North, the Northern China region (Beijing, Tianjin) including the three Northeastern provinces (Shenyang, Harbin, and Changchun). Our sales area is 12 times the size of the Japanese archipelago and is covered by a total of 38 staff members (including 4 Japanese expats) when the 5 members of the Beijing Branch are included, and 1/4 of our annual turnover comes from sales of products developed to suit the local market to our Chinese customers. We will continue to strive to develop and grow further in future and ask for your continued cooperation and guidance.

### Basic Data

Company : TOYOTA TSUSHO  
Name : NEXTY ELECTRONICS  
SHANGHAI CO., LTD.  
Address : 2nd/F., Wheelock Square,  
1717 Nanjing Road. West,  
JingAn Dist., Shanghai,  
P.R.C. 200040  
Contact : TEL: 86-21-6876-4727  
FAX: 86-21-6876-4729  
Capital : 3,000,000 US dollars  
Established : May 2005  
Employees : 33 (May 2018)

### Characteristics and Strengths

The flight time between Shanghai and Japan (Nagoya) is only two hours, making it very close, and the total number of people who made business trips here from the electronics-related divisions of the Toyota Tsusho group last year was 244 people, making this the most visitors from within the group of any of our overseas locations by a long shot. The office building is located across from Jing'an Temple, which is said to have been built at the order of Wu Kingdom Emperor Sun Quan in the Three Kingdoms period, and provides a shared base with Toyota Tsusho Shanghai. Around 200 staff members (including 30 Japanese expats) work here and our branch has 33 staff members (including 4 Japanese expats) who are engaged in sales activities on a daily basis. 28.88 million cars were sold in China in 2017, making China the world's largest car market, with no sign of letting up. New energy cars, which are referred to as "New Energy Vehicles," such as EVs and PHVs, continue to sell well sitting at 777,000 vehicles, around 40% of these New Energy Vehicles were sold in this Eastern China region, which means that there is a fierce struggle for dominance amongst the competing camps. Our company, while faithfully protecting the fundamentals of the function of a trading company, such as importing and selling one-of-a-kind state-of-the-art products to China, and exporting and selling stand out products honed in the Chinese market to Japanese customers, will this year establish a Solutions & Engineering Department and with the addition to two expats from Japan aim to create new business models.

### Geographical Strengths

Shanghai counts as one of China's four directly-controlled municipalities (Beijing, Tianjin, Shanghai and Chongqing) and is located in the Eastern side (Eastern China area) at the mouth of the Yangtze River. It has a total area of approximately 6,300 km<sup>2</sup> (around three times the size of Tokyo) and is said to be home to a population of around 25 million people including foreign residents there and Chinese who have moved to Shanghai from other regional areas, of which 128,000 Japanese nationals are living in China, and 58,000, almost half of the Japanese residents are in this Eastern China area. All of the Japanese people who visit here on business say "It doesn't feel like I'm in a foreign country." The Shanghai Pilot Free-Trade Zone (established in September 2013), which was the first such area to be introduced in China, was formed with the objective of liberalizing business activity within the area, irrespective of whether it is conducted by Chinese capital or foreign capitalized companies, as well as the flow of goods and money between the area and overseas. This special zone is aimed to generate reforms in finance, investment, trade, and legal systems, and, on the logistics front, policies have been put forward aimed at streamlining and improving the efficiency of customs clearance procedures within this area.



Oriental Pearl Radio & Television Tower

### Regional Recommendations

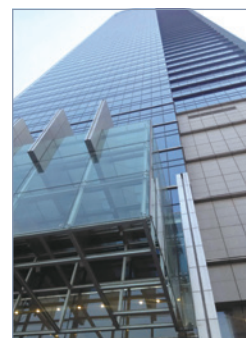
Pan-fried pork dumplings (Baozi) are a typical Shanghai regional dish much enjoyed by the locals. The filling, normally pork, is encased in dough made from flour coated with sesame and spring onions. There are other variations of fillings, such as prawns and Shiitake mushrooms, depending on the place making them, and they are pan-fried in a large round fry-pan 50-60 at a time. The inside of the dumpling is full of hot meat juices and just like the Hong Kong speciality Xiao Long Bao, soup dumplings you need to be careful not to burn yourself when you bite into them. In any backstreet you can buy them for 2-4 yuan apiece. Apparently, they originate from a store owner who had steamed pork buns left over from the day before decided to try pan frying them.



Pan-fried pork dumplings (Baozi) a favorite of Shanghai locals



The ancient Jing'an Temple with a proud history of over 1,000 years



Our company is on the 2nd floor of this building

# Dalian Office

## -Strategic Software Development Hub Linking China and Japan!-



General Manager  
Makoto Hijikata

### Message

Our office got its start as Toyota Tsusho Electronics (Dalian) Co., Ltd., in November 2008, and last year with the birth of NEXTY Electronics, got its second start under the new name Toyota Tsusho NEXTY Electronics (Dalian) Co., Ltd. Our areas of business include; 1) Development of embedded software for in-car devices, 2) Evaluation of in-car products (IVI and meters), and 3) Supporting development of autonomous driving algorithms. Around 187 employees (as of May 2018) are mainly engaged in software development and evaluation. When we were initially established, we served as an offshore software location carrying out sub-contracted work from Japan and accumulated technical know-how. However, currently we are using that accumulated technical knowhow and are focusing on developing software for connected car related systems, which are rapidly emerging in the market. In terms of evaluation of in-car products we are commissioned globally to carry out product evaluation work. In the autonomous driving area, we are being commissioned by automotive manufacturing companies to assist by creating and supplying accurate images to be used in the development of autonomous driving algorithms and some of the development work for truck platooning (convoy driving) systems. Each and every one of our employees is working hard to contribute to the growth and development of mobility society.

### Basic Data

Company : TOYOTA TSUSHO  
Name : NEXTY ELECTRONICS  
(DALIAN) CO., LTD  
Address : No.4 #02, 03, 04, 4th Floor,  
No.7, Hui Xian Yuan, Hi-tech  
Industrial Zone, Dalian, P.R.C.  
116025  
Contact : TEL: 86-411-3977-6788  
FAX: 86-411-3977-6766  
Capital : 円 195,000,000  
Established : 2008年11月  
Employees : 187人(2018年5月)

### Characteristics and Strengths

At Toyota Tsusho NEXTY Electronics (Dalian) Co., Ltd., our main business is software development and evaluation. The majority of our customers are Japanese (account for around 90% of turnover) and business is commissioned through NEXTY Electronics Corporation. Our staff are not only located in Dalian, we have 9 team members stationed in the head office in Japan and onsite with customers.

#### Main Business Activities

- IVDevelopment/evaluation of software for IVI products
- IDevelopment/evaluation of software for meter-related products
- ICreation of annotation images required for the development of autonomous driving algorithms
- ICreation of product specifications for products developed by Toyota China
- IExamination and prototyping of server systems for Toyota China

In future we intend to develop e-cockpit (car navigation + meters + communications module) products and focus our efforts in the autonomous driving area. In terms of autonomous driving, Toyota Tsusho Corporation, through its participation in national projects, is in charge of development of truck platooning control systems and in-car systems used by drivers and will strive to meet the challenges of developing the new technologies that will be needed in future whilst also further accumulating technical know-how. Thus far, most of our work has been for customers in Japan and China, however, in future we intend to do product evaluation work for customers in other regions and support product development for Toyota North America, and when the opportunity presents itself actively capture work in other areas that we have not had in our sights previously.

### Geographical Strengths

Our software development hubs are focused on the following three points:

#### (1) The huge size of the population => the large size of the market

China is a large country with a population more than ten times that of Japan. It enjoys remarkable economic growth, and, in the near future, will overtake North America to become the world's number one country in number of cars sold. In order to survive in this market, we think it is vital to have high technical capability and build relationships with the local automotive manufacturers.

#### (2) Mapping data and location data are classified information

Taking Chinese map data out of the country is prohibited and surveying work is very strictly policed, with many foreign nationals having been arrested in the past. Given these regulations, the function of achieving autonomous driving using highly-accurate maps and accurate location information necessitates a structure in which all of the development work can be completed within China's borders.

#### (3) Speed with which players enter new businesses

Easy to rent bicycles (Mobike, etc.), WeChat pay and Alipay where you pay using your mobile are popular in China. However, as opposed to Japan, these businesses start up before the legal systems, etc., are fully put in place and if problems occur they are resolved quickly while still keeping expanding the business, and when you look on at this style of doing business it feels somewhat threatening.

### Regional Recommendations

By living in Dalian, I have found it not too big and not too small, it feels just about the right size. There is also a lot of nature and you sense a lot of nature (sea and mountains) around you all the time, unlike in Shanghai or Beijing, which is very soothing. Also, Dalian specializes in seafood. There are many restaurants throughout the city that have live seafood in tanks which you can select your seafood from as well as how you want it cooked (simmered, steamed, baked, deep fried, or pan fried). Please come to Dalian and taste it for yourself. It's really delicious!



Xinghai Square is a huge park one of the largest in Asia



Fresh seafood in tanks. Just chose which ones you want and have them cooked up for you!



More than half of our team speak Japanese and we are proud of our great teamwork (2018 New Year's party)



# Taiwan Branch

- Taiwan's Electronics Industry is Currently Shifting from Consumer to In-car and Industrial Devices Business -



General Manager, Taiwan Branch, Hong Kong Co., Ltd.  
Toshiyuki Iwai

## Message

Hello. My name is Iwai from the Taiwan branch. It's already been two and a half years since I took up my post at the Taiwan branch. There are many A-grade electronic parts makers in this area. There are also components makers who have achieved growth through business for global giant OEM companies, such as Apple, and many EMS makers led by Foxconn, and their lean, dynamic investment and speed are overwhelming. We will also work in a speedy manner to offer products and services that meet our customer's and business partner's requirements.

## Basic Data

Company : TOYOTA TSUSHO  
Name NEXTY ELECTRONICS  
HONG KONG CO., LTD.  
TAIWAN BRANCH  
Address : 10F-2, No.577 Lin Shen  
North Road, Taipei,  
10406  
Contact : TEL: 886-2-2596-1511  
FAX: 886-2-2596-1510  
Established : July 2003  
Employees : 6 (May 2018)

## Characteristics and Strengths

We can introduce customers around the world, including those in South East Asia and India, to A-grade electronic parts makers and EMS companies in this area. Currently, we carry a variety of electronic modules (communications, memory, camera) and numerous semi-finished products (industrial use PC boards) and EMS business products, and conduct supplier studies. Please contact us regarding products you are looking for and we will introduce you to a supplier in line with our more solutions offering style of doing business. We will conduct benchmark comparisons of several suppliers that meet your requirements before introducing them to you.

### Areas of Business Activities

- Business transfer support
- New suppliers
  - Introductions to suppliers
- VMI capability

### EMS & ODM

- Introduction to EMSs and ODMs
- Manufacturing development support
- Support when transferring manufacturing

## Geographical Strengths

If Taiwan's electronics industry were summed up in one phrase it would be "Rapid response." Foxconn, TSMC, ASE, etc., have grown their businesses by working closely with companies that lead the world's electronics industry, such as Apple, Dell, and Hewlett Packard, as well as the major fabless semiconductor OEMs and major Chinese OEMs. However, the consumer business is just a launching pad and these companies are aiming to break out of these and move into new markets, such as higher valued-added businesses exemplified by in-car electronics and industrial devices. For example, many suppliers are supplying core parts in Tesla's EV supply chain. There are many A-grade suppliers who can support your growth strategy markets. So, please take a look at suppliers going forward, you often see Gogoro electric scooters around. Gogoro's charging method differs from other electric scooters in that you just change the battery so you don't have to go to the trouble of charging the battery yourself. There are more than 400 "battery stations" where batteries are available. The design is refined and these are an environmentally friendly means of getting around. In Japan, they are available for use on Ishigaki Island as a ride sharing service.



Casual and stylish Gogoro (in Taipei City)

## Regional Recommendations

As you know, There are lots of inexpensive gourmet food and our staff eat them regularly. There is a night market near our office and it's an easy walk for our visitors on a business trip. Our number one recommendation is to try the noodles at Yangzhou noodle stand near our office. I go there twice a week too. Even if you are in Taipei on vacation, please contact us. We are happy to help you with recommendations on restaurants to eat delicious food and give a bit of sightseeing advice.



Night view of the iconic Taipei 101



"Sun Moon Lake" hometown of indigenous Formosan people



Yangzhou noodles with meat are highly recommended by the Japanese expats



The friendly, happy staff of Yangzhou noodle stand

# Guangzhou Branch

## -When It Comes to Food and Automobiles (industry), Guangzhou Is the Place-



Branch Manager  
Hirohisa Fujihara

### Message

Hello. My name is Fujiwara from the Guangzhou branch. NEXTY Guangzhou was established on February 7, this year as the Guangzhou Branch of NEXTY Electronics Shenzhen Co., Ltd., and has taken over operations from the Electronics Department of Toyota Tsusho Guangzhou, commencing operations on June 4. The team of 7 people including myself sell semiconductors, electronic parts, and board mounting (EMS) mainly to Japanese in-car device companies, such as Tier 1 companies in the Guangqi Toyota group. So far, we have grown as customers increase production and with the increasing use of electronics in automobiles, however the Chinese market is also about to change dramatically as the move to electric vehicles accelerates. Given this situation, there are expectations on us, in our role as an electronics trading company with formidable competitiveness, that we will offer everything from the conventional business of acting as a procurement agent to where we make use of our technology and quality functions to link a variety of suppliers and technologies and over everything from individual products to modules and services. While there are no direct flights from Nagoya to Guangzhou, please do visit us when you are on a business trip from Haneda/Narita, or Kansai International Airport to Guangzhou or when you make a side trip from Hong Kong, Shenzhen, etc.

### Basic Data

Company : TOYOTA TSUSHO  
Name : NEXTY ELECTRONICS  
SHENZHEN CO., LTD.  
GUANGZHOU BRANCH  
Address : Unit 2203 22th Floor of the  
Office Building 1 of Taikoo  
Hui Development Project  
Located at No. 385, Tianhe  
Road, Tianhe District,  
Guangzhou, P.R.C. 510620  
Contact : TEL: 86-20-8852-7969  
Established : February 2018  
Employees : 7 (May 2018)

### Characteristics and Strengths

The Southern China region is gradually changing from being "the world's factory," as the area around Shenzhen was in the past, to an area that creates new technologies and markets. Mobile phone company Huawei, DJI drones, messaging app WeChat company Tencent, etc., have already grown to become global companies and 1,000 companies are being started up/registered every day, which means new technologies and markets are constantly being created and morphing.

In the in-car electronics market too, which is our company's main market, new suppliers are continually springing up in the areas of connected cars, electric vehicles, autonomous driving. We of course intend to continue supplying the parts our clients need for their in-car devices production activities in a timely manner, and in future, will have our antennas tuned to looking ahead to identify new technologies and markets from a technology and sales (business management) perspective while ramping up our activities and role in offering these to our customers. Given the expectations that we will make use of our company's functions (technology and quality), and the in-car devices experience we have built up from the Toyota Tsusho era, to fill the gap between customer needs and new supplier seeds, we have formed the Quality Support Team (TAQS-CHINA). From this financial year, under the Shenzhen office we will pro-actively roll out our new supplier identification activities.

We also regard introducing Chinese suppliers to companies in other regions as an important role for us to play and we intend to strengthen our network with other regions.

### Geographical Strengths

Guangdong Province has achieved rapid economic development since the reforms and opening up of the economy which began in the 1970s, and currently is the number one province in China in terms of size of population (approx. 110 million people) and GDP (approx. 9,000 billion yuan). Around 20,000 Japanese nationals are living in the province and some 1,640 Japanese companies operate here. Guangzhou City is the capital city of Guangdong Province and is located in the Northern part of the Pearl River Delta, it is also the largest city in the Southern China area. Guangzhou City has, from times of old, prospered as an international trading port and around 200,000 buyers gather from around the world at the "China Import and Export Fair" (Canton Export Commodities Fair), which is held twice a year, and is synonymous with Guangzhou's reputation as a city of commerce.

Although there is a concentration of numerous automotive makers with manufacturing locations in Guangdong Province, Guangzhou is the only place in the province where Toyota, Honda, and Nissan all have production bases. This is the largest concentrated car production hub of Japanese automotive makers in China and accounts for around 40% of the cars Japanese automotive makers manufacture in China. Thus, China's largest car components supply chain has been established here.



### Regional Recommendations

Cantonese people use such a variety of ingredients in their cooking that it is said they "Eat anything that flies other than planes, anything that swims other than submarines, and anything with four legs other than tables and chairs." Guangzhou is the epicenter of Cantonese cuisine, which is synonymous with Yum Cha and seafood dishes, as indicated by the saying "When it comes to food, Guangzhou is the place." The Yum Cha is especially excellent. Guangzhou has three of the most famous restaurants and I recommend you try them for a Yum Cha brunch after rising late on a weekend.



Cantonese food looks beautiful too



Har gau (prawn dumplings)



Fo Tiao Qiang (assorted meat and vegetable casserole)

Origin of the name Fo Tiao Qiang (Kanji characters meaning "Buddha jumps over the wall") It is said that in the old days, this was a dish that monks who weren't allowed to eat meat in the temple would climb over the temple fence to get out to eat.



## Chengdu Branch



Chengdu Branch  
Jim Wang

### Message

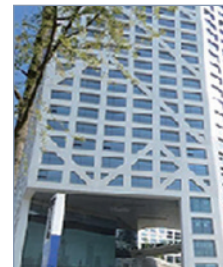
Hello. I'm Jim Wang from the Chengdu Branch. The Chengdu branch was set up in 2010 and is in charge of business operations in the Southwestern area of China. We currently have a staff of 2 (as of April 2018) and our main business focus is on the automotive and communications industries. We will strive with all our might to grow and develop our electronics business while also responding to meet the diversifying needs of our customers.

### Basic Data

Company : TOYOTA TSUSHO  
Name NEXTY ELECTRONICS  
SHENZHEN CO., LTD.  
CHENGDU BRANCH  
Address : 10F, Tower 2, Chengdu  
Raffles City, No.3, Section 4,  
Renmin South Road, Chengdu,  
Sichuan, P.R.C. 610041  
Contact : TEL: 86-28-8506-8745  
Established : November 2010  
Employees : 2 (May 2018)

### Characteristics and Strengths

Chengdu is the capital of Sichuan Province and is also referred to as "Rongcheng City," and is the only sub-provincial city in Southwestern China. Chengdu was certified as a national government level high-tech industry development city in 1991, and companies in the electronics, IT, biomedical, and precision instruments manufacturing industries have set up shop in the zone on the western side. It is also a logistics hub and an integrated transport hub, and it is the location of Shuangliu International Airport, the largest airport in Western China, which is used by around 50 million people a year. In 2013, the freight train line the "蓉新欧快速铁路" between Chengdu and Lodz in Poland went into service and thus Chengdu has become a central city in China's Western region. Chengdu is also famous for its Panda's which are popular among Japanese people. The "Chengdu Research Base of Giant Panda Breeding" is located in Chengdu and is conducting joint research on panda breeding, protection, and education with organizations in Japan, America, Spain, France, etc., under its international cooperation for panda long term breeding program.



## Wuhan Branch



Wuhan/Chengdu area  
Area Manager  
Bin Xu

### Message

Hello. I'm Bin Xu and the Wuhan/Chengdu Area Manager. The Chengdu Branch was set up in 2012 and is in charge of business operations in Central China. There are 5 staff members in our branch (as of April 2018) and our main business focus is on the automotive and communications industries. We will strive with all our might to steadily grow and develop the business in line with customer requirements and expectations and I will also personally strive to grow professionally.

### Basic Data

Company : TOYOTA TSUSHO  
Name NEXTY ELECTRONICS  
SHENZHEN CO., LTD.  
WUHAN BRANCH  
Address : Room 2212-15, 22 Floor,  
World City plaza office  
building, Optics valley Plaza,  
East Lake High-tech  
Development Zone, Wuhan,  
Hubei, P.R.C. 430074  
Contact : TEL: 86-27-8759-8301  
FAX: 86-27-8759-8349  
Established : February 2012  
Employees : 5 (May 2018)

### Characteristics and Strengths

Wuhan is the capital of Hubei Province and it is also known as "Jiangcheng City." Wuhan is the center of politics, economics, finance, culture, education, and transport in Central China. Wuhan's Tianhe International Airport has flights to 66 cities within China and 40 overseas cities, including direct flights to Japan. In August 2017, a third terminal, one of the largest in the Central region of China became operational further improving convenience. It also has a high-speed rail (bullet train) network linking Wuhan with the rest of China, making access to key cities, such as Beijing and Shanghai more convenient. Expansion of the subway system is progressing at a rapid pace. The first subway line went into service in 2004, and currently seven lines are operational. An eighth line is scheduled to be opened in 2021. In terms of industry, Wuhan is renowned as a major automotive industry hub. In addition to Dongfeng Motor Corporation, one of China's largest motor companies, other major automotive makers, including Japanese makers, have set up shop here and factories are starting up one-after-another.



## Beijing Branch



Manager  
Alfred Hu

### Message

Hello everyone. I'm Alfred Hu and the Manager of the Beijing Branch. We have a staff of 5 (3 sales people, 1 FAE, and 1 CS). Our sales area consists of Hebei Province, including Beijing City, and two other provinces that make up Inner Mongolia, and 100% of our customers are Chinese. The main applications are car-mounted Lidars, ETCs, and gas smart meters, etc. Please drop in and see us when you visit the Northern China region.

### Basic Data

Company : TOYOTA TSUSHO  
Name NEXTY ELECTRONICS  
SHANGHAI CO., LTD.  
BEIJING BRANCH  
Address : Room 1251, Office Building  
Hotel Nikko Century Beijing,  
No.6 Southern Road Capital  
Gym Haidian District, Beijing,  
P.R.C. 100044  
Contact : TEL: 86-10-6849-2358  
FAX: 86-10-6849-2359  
Established : July 2010  
Employees : 5 (May 2018)

### Characteristics and Strengths

The population of Beijing City, which is a directly-ruled government municipality located in the middle of Northern China, at 21.52 million people, is China's second most populous city after Shanghai. Beijing hosted the Summer Olympic Games in 2008, and is scheduled to hold the Winter Olympic Games in 2020. On the economic front, it has been decided that a new city "Xiongan New Area" will be established in Hebei Province as a project of the good offices of President Xi Jinping. Xiongan New Area will be located Southwest of Beijing, around 100 km West of Tianjin, across a belt running across the counties of Xiong County, which belongs to Baoding City, Hebei Province, and Anxin County and Rongcheng County total population; 1 million). The aims of developing this area are to relieve overcrowding in Beijing City, improve the environment, and improve the housing situation. At the same time, given that driving urban projects has been successful under previous Chinese Presidents, such as the Shenzhen Special Economic Zone under Deng Xiaoping and the Pudong New Area under former President Jiang Zemin, may also have the political objective of increasing his own authority.



## Vietnam Representative Office



Manager  
Keigo Misawa

### Message

The Vietnam (Hanoi) office was established in April 2008 as the representative office of the Hong Kong office. The office is located in an area similar to "Akasaka" in Tokyo, in that it has a quiet business district along with tourist spots nearby. When the office was first established, business started as fixed-line telephone related transfer business, and, as Japanese companies moved into printers, vehicle-related products (particularly for two-wheelers), and home appliances, etc., and EMSs subcontracted to do board mounting entered the market, our company's business has grown to an annual turnover of around 2.5 billion yen.

Vietnam is experiencing the China Plus One and is a promising investment destination as a production base, however, it is forecast that by 2020, 30% of the population of 100 million will be middle class or well-to-do, making Vietnam a country that is attracting attention as a future consumer market. At the Hanoi representative office, we will be adding a new sales staff member with the aim of building our local business and we are daily working to unearth new business.

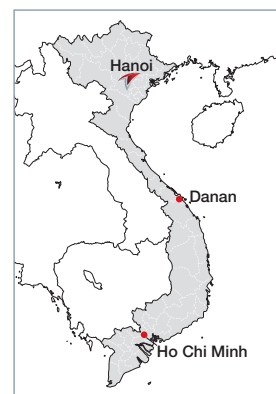
### Basic Data

Company : TOYOTA TSUSHO  
Name NEXTY ELECTRONICS  
HONG KONG CO., LTD.  
HANOI LIAISON OFFICE  
Address : Room 106, Business Center,  
Sun Red River Building 23  
Phan Chu Trinh Street, Hoan  
Kiem District, Hanoi, Vietnam  
Contact : TEL: 84-24-3633-1936  
Established : April 2008  
Employees : 73 (May 2018)

### Characteristics and Strengths

Although the nation of Vietnam is said to be one of the most promising investment destinations in South East Asia, surprisingly few Japanese electronic parts trading companies have set up here, in fact there is only around one other representative office in Vietnam in addition to our group. If you look from our group's perspective, in addition to Toyota Tsusho Corporation, Elematec Corporation has similarly set up here. In other words, we feel that with the collective strength of our Toyota Tsusho group we will be able to develop the Vietnamese market ahead of other companies.

There was a major news story last year when Vingroup, Vietnam's largest real estate company, announced it would enter the automotive industry. (Brand name: VinFast) We have already started making contact on behalf of our group. We aim to conduct business that will contribute to Vietnam's first locally manufactured car.



[Special Feature: Overseas Report- Part 3] Showcasing the Business Bases in our Europe (Germany, Czech and Spain) Region

# Introduction to NEXTY Electronics in Europe Region



Managing Director, Europe Region  
Shohei Seko

## Message

The German subsidiary Toyota Tsusho NEXTY Electronics Europe GmbH is a newly founded company that was established in February 2018. We will be moving forward and establishing a Czech Branch and a Spain Branch supporting all of Europe from these three locations. We are already working towards the advent of autonomous driving and a society in which electric vehicles are increasingly prominent, with not only Japanese customers but also European customers in our sights. We will endeavor to enhance our functionality in order to ensure we are able to provide new types of customer support, not just the agency business and EMS business of our conventional distribution function. Although we are on the brink of commencing business, we intend to think well, learn well, and work concertedly to be responsible for bringing about future growth and sustainability. I ask for your ongoing cooperation and guidance.

## Basic Data

Company : TOYOTA TSUSHO  
Name NEXTY ELECTRONICS  
EUROPE GmbH  
Address : Lindberghstra. 3  
80939 München  
Contact : TEL: 49-89 413 29 17-00  
FAX: 49-89 413 29 17-99  
Capital : 161,000 Euros  
Established : February 2018  
Employees : Approx. 4 (May 2018)

## Characteristics and Strengths

Our headquarters is located in Munich, where many European OEMs and semiconductor suppliers are concentrated, and we have dedicated electronic parts warehouses at both of our Branches; in Prague, Czech, which links Eastern and Western Europe, and in Barcelona, Spain in Western Europe, and we provide support for our customers across Europe. Our total workforce will be around 20 people when the team members from Toyota Tsusho Europe joint with us in the second half of the year.

- 欧Trading with Japanese Tier 1 companies across Europe
- Procuring semiconductors and electronic parts from Japanese companies and a wide variety of line card (suppliers)
- Start up support, local procurement support, quality support from development to mass production working in collaboration with EMS partners
- Using the Toyota Tsusho network making wide-ranging data collection possible. Making use of the pipelines with European OEMs/Tier 1s, even from the angle of products other than electronic parts initially, will make it possible to create a variety of forms of businesses

In addition to the conventional distribution and sales business that we have built up thus far, we aim to be able to provide new types of technical assistance designed to create a new style of electronics trading company within Europe.

## Geographical Strengths

### Munich, Germany

Germany has the world's fourth highest GDP after the USA, China, and Japan, it is the member nation of the EU with the largest economic clout. Germany is made up of 16 states, and Bavaria whose state capital is Munich has the greatest economic clout of all German cities. That is why major European manufacturers locate their head offices and development bases in Munich.

### Prague, Czech

Czech is a land-locked country surrounded by Germany, Austria, Poland, and Slovakia on its four sides. Czech is made up of three regions, Bohemia, Moravia, and Silesia, and many Western European manufacturers have manufacturing bases in Czech, thus making it an important country for European manufacturing industries.

### Barcelona, Spain

Spain is made up of 17 regions and Barcelona is the regional capital of Catalonia, which is located along Spain's border with France. Barcelona is Spain's second most populous city after Madrid. The people of Catalonia are said to be some of the most hard-working and frugal in Spain and the region generates one fifth of Spain's GDP.



## Regional Recommendations

Europe has a wealth of tourist spots. When you visit Europe please make a side trip to see us.

**Munich** : Marienplatz in front of the new Munich City Hall is always busy with tourists. The famous white asparagus delivers the flavor of spring for you to taste.

**Prague** : The whole town is World Heritage. Prague Castle, the world's largest castle, the Charles Bridge over the Vltava River (Moldau River), and the Astronomical Clock in the Old Town Square, are well worth seeing.

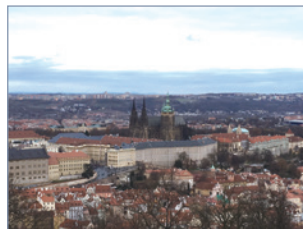
**Barcelona** : Barcelona is synonymous with architecture by Antonio Gaudi and the unfinished masterpiece Sagrada Familia is particularly famous.



Marienplatz



In Germany asparagus is synonymous with white asparagus



Prague Old Town



Sagrada Familia