

## **Citizen establishes a new production base in Nanjing, China**

Citizen Electronics Co., Ltd. (Fujiyoshida-shi, Yamanashi-ken, Capital ¥1,988,550,000, President Masuzawa Takashi), a precision electronics components manufacturer, has established 'Citizen Electronics (Nanjin) Co., Ltd.' in Jiangning District, Nanjing, the People's Republic of China, as a development and manufacturing base for acoustic and other electronic devices.

Citizen Electronics established a production base, 'Wah Kong Precision (Jiangmen) Ltd.' in Jiangmen City, Guangdong Province, China in 1988 and has manufactured various kinds of products such as chip LED lamps, acoustic devices, miniature switches and backlight units there for the domestic market. In 2003, Citizen Electronics established Citizen Electronics (Suzhou) Co., Ltd. in Wuzhong District, Suzhou, the People's Republic of China as the second manufacturing base for LED backlight units in order to respond to the increasing demand for cellular phone components. Moreover, in response to further growth in demand for production in China, we have established 'Citizen Electronics (Nanjing) Co., Ltd.' In addition, we planned to undertake a restructuring with relation to productivity enhancement at the three sites, Nanjing, Jiangmen and Suzhou.

Citizen Electronics' products such as chip LED lamps and backlight units are not only 'small, slim and light' through the use of high-precision processing assembly technology acquired over many years in the production of watches, but also 'highly efficient', which amounts to an increasing share in the cellular phone market.

The cellular phone market has been growing globally every year, and competition between set manufacturers as well as parts manufacturers, who supply the parts to the set manufacturers, is also heating up. To succeed in the intensifying inter-corporate competition, not to speak of cost reduction measures, we have determined it is essential to respond quickly and carefully to better meet our customers' needs. Therefore, we decided to establish a branch in Nanjing.

In other words, many manufacturers, who are Citizen Electronics' customers, have their China factories in the eastern part of China where Nanjing is located. Nanjing is the best location to cope with customer needs quickly and cost-effectively, and to address the highest-priority issue - 'how Citizen Electronics responds quickly to meet customized orders as requested.'

Nanjing is an academic representative city in China. As there are many excellent students, it is relatively easy to find expert engineers. Furthermore, in addition to being an academic city, Nanjing also is one of the industrial cities in China. This is the ideal location to establish a significant site combining production function with design and development functions for customized specifications.

Citizen Electronics will initially develop, design and manufacture many kinds of acoustic devices like speakers, receivers, vibrators and their combined multi-function sound generators for cellular phones. These devices require the most careful, customized responses to customers.

The production quantity is scheduled to be around one million pieces per month in the beginning, then with a gradual increase in capacity, finally reaching up to five million pieces per month. By increasing the capacity up to five million pieces a month, the total monthly capacity of Citizen Electronics will reach over 10 million pieces, achieving a satisfactory level to meet customer demand.

Besides assembly lines for LED units being built, we will produce other electronic devices, featuring the development of a structure to provide an aggressive approach and better services to expanding Chinese domestic manufacturers.

The profile of Citizen Electronics (Nanjing) Co., Ltd. is as follows.

Company name: Citizen Electronics (Nanjing) Co., Ltd.  
Address: 211100 Fu Cheng West Road, EC&Tech Industrial Park, JIANG NING District. NANJING. China  
Representative: Managing Director: Kobayashi Akitomo (Director, Citizen Electronics Co., Ltd.)  
Director: Yoshihiro Goda (Director, Citizen Electronics Co., Ltd.)  
Accounting Director: Makoto Gunji (Local Representative, General Manager)  
Business contents: Development, design and manufacturing of acoustic devices and final assembly of backlight units  
Capital: About USD120 million  
Shareholders: Citizen Electronics Co., Ltd. 100% (including indirect investments)  
Establishment: June 17, 2004  
Land area: Approx. 46,500 m<sup>2</sup>  
Building area: Approx. 15,500 m<sup>2</sup>  
No. of employees: Approx. 150-person initially, 2,000-person ultimately.  
Start of operations: April 2006

#### About Nanjing

Nanjing, the capital of Jiangsu Province, is an ancient city located in the downstream area of the Yangtze River and blessed with a rich natural environment. The city has a sub-tropical climate with four distinct seasons, and is well-known for its heat in summer. Nanjing, Wuhan and Chongqing have been dubbed "Sandazao (the three furnaces)." With many historic sites, Nanjing plays an important role for China as an industrial base.

Population: approx. 5,630,000

Area: 6,597 km<sup>2</sup>

Time Difference with Japan: -1 hour

#### Education

The City of Nanjing has implemented a rational and diversified education system. In the city, there are 33 universities, which are characterized by many subjects of study and the high quality of teaching staff. Among them, Nanjing University and Dongnan University, 8 out of 95, are designated as the nation's most prominent educational institutions. As well as excellent students the academic representative city is producing human resources in line with Beijing and Shanghai. Students number 330,000 and academic researchers number in the region of about 350,000.

#### Transportation

Nanjing serves as an important transportation hub for the eastern region of China. The city's transportation network consists of railways, roads, waterways and air transport. Nanjing Port functions as an important international trade gateway. An expressway linking Shanghai and Nanjing has been constructed, and Nanjing Lukou International Airport was opened in June 1997. Buses, trolley buses and taxis provide easy access, but for most citizens bicycles are the main mode of transportation. Furthermore, at the end of April 2004 an international customs office was established at Long Piao port making the administration of business more convenient.

#### Industries

Nanjing is an important industrial base for the eastern region of China, accounting for 1% of the nation's industrial product. The heavy and chemical industries, and the electronics and automobile industries lead the nation in terms of output volume. Recently, the industrial infrastructure and technology have been improved, giving rise to many new industries and products. These days, the commercial zone of Nanjing has been expanded to cover the provinces of Jiangsu, Anhui, Shandong, Henan, Zhejiang and Jiangxi. With the strength of China's large market, Nanjing has undergone further development as the center of modern commerce on the middle and lower reaches of the Yangtze River.

Reference: <http://www.nasca.gr.jp/english/nanjing/index.htm>

"Nanjing, an advanced industrial city with a long history and tradition."