

# JAPAN COUNTRY REPORT

INSIDE: 15-PAGE SPONSORED SECTION IN CO-OPERATION WITH DISCOVERY REPORTS

## ‘Abenomics’ is paying dividends

After a less-than-successful stint as prime minister for exactly one year in September 2006, Shinzo Abe has surprised many people in his second stab at the job. He has been resolute, decisive and some of the policies he has introduced have been sweeping and long overdue.

Nowhere has that been more evident than in efforts to reinvigorate the national economy. When Abe was voted into office in December 2012, the yen was far too strong, exports were suffering, investment was stagnant, consumption was flat and a decade spent trying to get the nation out of inflation had come to nothing.

In a little over 18 months, the transformation has been dramatic. No sooner than he had taken office than Abe laid out a three-pronged strategy – known as “Abenomics” – built on the connected pillars of fiscal stimulus, monetary easing and structural reforms to deal with the deeper problems that bedevil an economy that has been in recession or, at best, anemically positive, since the start of the 1990s.

Seven months after his election victory, Abe set off for his first G8 summit in Northern Ireland buoyed by a gross domestic product that climbed at an annualised rate of 4.1 per cent in the January-March 2013 quarter, while the stock market had fattened by 50 per cent since the previous November.

The value of financial assets held by Japanese households leapt more than 3 per cent in the final quarter of fiscal 2012, and the yen recovered from a low of 76 yen (HK\$5.8) to the dollar in February 2012 to above 100 yen in April last year.

Not everything that the prime minister touched turned to gold, however, with some detractors suggesting that his policies were thin on details of how precisely he planned to turn around the economy in the long term.

Japan logged a customs-cleared trade deficit of 2.79 trillion yen in January, the largest monthly deficit since comparable data was first compiled in 1979. The deficit was worsened by the high cost of fuel imports to meet the thirst for energy while the nation’s nuclear reactors remain off-line.

Equally, the weakening of the yen against other key currencies also contributed to an increase in the value of imports.

Those figures were highlighted by the critics and used to underline data that showed that the national economy had grown only a weak 1 per cent on an annual basis in the final three months of last year. Even Abe’s critics

Three-pronged economic strategy helps to reinvigorate the economy, writes Julian Ryall



Tokyo hopes to attract 20 million tourists for the 2020 Summer Olympics. Shinzo Abe (left) has plans to revive the economy. Photos: Bloomberg

amount of child care that is available to families, while he has been bullish on plans to reduce the corporate taxation rate to 30 per cent.

Other measures include the creation of special development zones to encourage local businesses, opening up the agriculture sector, extensive government support for clean energy and robotic technology, and abolishing tax breaks for housewives in an effort to get them into the workforce.

Parliament has also opened discussions on revising laws to

permit casinos to open, part of a broader plan to attract more foreign visitors. The number of annual overseas tourists has already surpassed the 10 million level, but Tokyo has set the ambitious target of 20 million visitors in 2020, the year in which Tokyo will host the summer Olympic and Paralympic Games.

Speaking at a conference in Tokyo in late April organised by *The Economist*, Abe described his campaign as “a golden opportunity to put the economy on to a stable, new growth track”. “The economic policy my cabinet is pursuing must this year enrich each and every individual and deliver the fruits of growth to every corner of the nation,” he said.

The prime minister said he intended to achieve this by making the most of Japan’s geographical advantage at the heart of the booming Pacific Rim region, by taking advantage of strong demand in developing Asian nations for Japan’s machine tools and capital goods, and by opening the domestic economy to embrace “outside vitality, along with human resources, capital and wisdom from abroad”.

Key to this will be a series of trade agreements, the most important of which will be the Trans-Pacific Partnership, for which negotiations with the United States are continuing. Also on the agenda is an economic partnership agreement with the European Union.

“Everything that Abe said shows that he wants Japan to be a player and to be at the centre of the highest growth area of the Asia-Pacific region,” says Jesper Koll, managing director and head of Japanese equity research for JP Morgan in Tokyo.

“Japan does not want to be on the periphery, and that’s a good thing.”

To underline the positives that have been achieved, many critics of the prime minister’s proposals identified the increase in the consumption tax from 5 per cent to 8 per cent on April 1 as the date on which his policies would begin to flounder. Consumption would drop off precipitously, they said, as consumers saved instead of spending.

And, while the public did go on a spending spree in the weeks running up to the increase, only serving to heighten the nay-sayers’ warnings, the early indications are that the market has already put the hike behind it.

Abe has not magically fixed all the nation’s woes at once, but he will be quietly satisfied that he has taken a solid first few steps in the right direction.



Hongkongers can work to fund their stay in Japan. Photo: Bloomberg

## Working holiday scheme a success

Keith Chan

The working holiday scheme between Hong Kong and Japan has turned out to be a great success, with the applications received for the first period of this year already exceeding the annual quota of 250.

Launched in January 2010, the scheme is designed to promote exchanges between the young people of Japan and Hong Kong so they can gain a deeper understanding of each other’s culture and society. Japan is one of the most-favoured tourist destinations for Hongkongers, and is also the city’s third-largest trading partner.

To qualify, the applicant must be a Hong Kong or British National (Overseas) passport holder ordinarily resident in Hong Kong, who is aged between 18 and 30 and intends primarily to holiday in Japan for a specified period of not more than one year. They will be allowed to take up employment during their holiday to supplement expenses. In addition, the applicant must not be accompanied by dependent family members, and must possess a return travel ticket – or the means to purchase a ticket – and sufficient funds for living in Japan. The applicant must also hold medical insurance throughout the stay.

The annual quota is allocated twice a year in May and November, with 125 visas issued for each period. For the first period this year, the Consulate General of Japan received a total of 279 applications between April 4 and 17. After careful examinations, the 125 successful applications were announced on May 20.

Among the 125 successful applicants in the first period, females accounted for 70 per cent of the total. Those in the age groups of 23 to 26 and 27 to 30 each comprised 43 per cent, while those 18 to 22 years represented 14 per cent.

The successful applicants are getting younger. Compared with those in the same period last year, there was an increase of 6 per cent for those aged 18 to 22, and a 2 per cent increase in those 23 to 26, while there was a decrease of 9 per cent for those aged 27 to 30.

In terms of education level,

52 per cent of the successful applicants in the first period have the qualification of university or higher, including those who are attending but not yet graduate.

The consulate says the total number of applications received during the first period this year was more than the annual quota, and that it is hoping for an even larger number of young Hongkongers to seek working holiday visas in the second period. Applications will be accepted between October 6 and 17.

Ken Lai, who was granted a working holiday visa in 2012 and subsequently worked in Japan for several months, says that for those planning to work, a good understanding of Japanese



The number of applications received for the first period of this year has already exceeded the annual quota of 250

language is important. Sharing his experience on his blog, Lai says even if visa holders can find jobs that do not require communication with customers, they still need to understand instructions from their employers.

Apart from learning Japanese in Hong Kong before the trip, there are language schools in Japan which offer short-term courses for working holiday visa holders.

Lai adds that for holders of a work holiday visa, finding a job is not particularly difficult, because many companies prefer to hire temporary staff to lower their cost and commitment as compared to hiring full-time staff – especially for jobs that require only basic skills. The part-time job market in Japan also has relatively higher turnover, because people who opt to work part-time usually have other commitments such as study and family responsibilities.



Toranomon Hills is Tokyo’s newest skyscraper. Photo: Bloomberg

## Optimism spreads across property market

Julian Ryall

The state of Japan’s property market – particularly that of Tokyo – has long been considered a reliable barometer of the national economy. And, with the real estate sector awash with optimism at the moment, that positivity appears to be catching on elsewhere.

The latest addition to Tokyo’s ever-changing skyline formally opened on June 11, with Mori Building unveiling the Toranomon Hills building near Shimbashi station. Designed to appeal to multinational companies seeking a prime location in the city, the 52-storey tower uses cutting-edge, pillarless office spaces and incorporates one of Tokyo’s most expensive conference facilities, top-of-the-range residences, 25 restaurants and a 6,000-square-metre pocket of open space and greenery.

The sleek structure will also

house the Andaz Tokyo, the Hyatt Group’s first boutique hotel in Japan, which aims to attract business visitors as well as leisure travellers.

Toranomon Hills also fits in with the national government’s plans to enhance the broader infrastructure of Tokyo, a campaign that has taken on added significance after the city was selected to host the 2020 Olympic Games, and underlines the broader resurgence of the property sector.

Analysts in Tokyo are confident that all sectors of the market have consigned the worrying last few years to the past and are looking ahead. The market is entering a positive new cycle, banks are looking to lend again, sellers are making optimistic noises, and investors are making their moves.

That newfound desire is a result of the efforts of Prime Minister Shinzo Abe’s government to inject new life into the national economy. The

indicators show a positive impact, with economic growth forecasts converging at the 1.5 to 1.8 per cent mark.

“The stimulus measures appear to have reinvigorated the Japanese economy and have stoked investor sentiment,” says Will Johnson, head of research and consultancy for Savills Japan. “Japan’s total property transaction volume was up more than 70 per cent in 2013, compared to 2012.”

That optimism spreads across the four key sectors of office, retail, residential and industrial-use properties.

“A trend towards centralisation and smaller household sizes is supporting occupier demand for mid-market rental apartments, which offer landlords a steady, low-volatility income stream,” Johnson says. As a result, high-quality residential assets in Tokyo and other major Japanese cities are seeing strong interest from domestic and overseas

institutional investors. The capital’s office sector is also faring well in comparison with rival cities in the Asia-Pacific region, with Hong Kong and Singapore showing signs of rental decline and investors additionally attracted to Japan by its large stock of investment-grade real estate, a mature legal structure, transparent and established business practices, and a lack of restrictions on foreign ownership.

Another factor has been the impact of the 2011 earthquake. “After the quake, it was not feasible for tenants to suddenly relocate to new properties, as it takes a great deal of planning,” says Andy Hurfurt, head of investment consulting for CBRE in Tokyo. “What we have seen more recently is an increase in emphasis among occupiers for quake-resilient buildings and – for banks and financial trading companies in particular – for power resilience in their buildings.

“Occupiers are moving up but, given the broader economic environment, they are also looking to do that with limited impact on the cost side.” He adds that this has made a number of new buildings in less-central locations more attractive.

In its latest report in the state of the Tokyo office market, CBRE emphasises that the vacancy rate for grade-A office properties has sunk below the all-important 5 per cent level for the first time in more than two years. “This is a significant turnaround, and what we are finding now is that tenants are competing for the most desirable spaces – those that are well-located and have high specifications – and that is a chance for landlords to raise rents,” Hurfurt says.

For tenants, the most important considerations remain transport links, efficiency in floor plate size, and the age and design of the building, including its resistance to seismic activity.



## SPECIAL REPORT: JAPAN COUNTRY REPORT

## JAST thrives with innovative IT solutions, Asian expansion



Takeaki Hirabayashi, CEO

Independent software developer Japan System Techniques (JAST) has adopted a two-pronged approach towards achieving sustained growth amid changing market conditions in the information technology (IT) industry.

"In addition to developing next-generation versions of our mainstay offerings, we are now building our own proprietary brand of software," says CEO Takeaki Hirabayashi. "We have also stepped up efforts to take our products and services to Asia."

Marking its 40th year in business last year, JAST has become a leading provider of strategic management systems to universities, with its Gakuen series ranking No 1 in Japan. JAST also continues to strengthen its core competencies in contracted software development for corporations and public agencies, and multivendor system sales for building IT and telecom infrastructure.

As part of its expansion strategy, JAST has ventured into in-house software development. It has found early success in its proprietary JMICS automated electronic health insurance claims checking system, BankNeo IT services integration package for financial institutions,

and smartphone applications. JAST has begun offering JMICS as a cloud-based medical information system.

To further enrich its services menu, JAST has customised its Gakuen solutions for the Chinese education market and initiated collaborative work with a number of universities, including Huizhou University. It aims to solidify its footprint in the country through its consolidated subsidiary Guilin Anxin Software.

"We recognise that China is our key market for growth," Hirabayashi says. "With more than 3,000 universities, China represents a big market for Gakuen and our other integration packages."

JAST also hopes to build up its Southeast Asian operations, leveraging the strengths of its subsidiaries in Thailand and Singapore and strategic alliances with Chinese and Korean IT firms. It is keen on working with more like-minded organisations having relevant technologies, middleware and operational knowledge.

"These expansion efforts are in line with our main thrust – to create a better society by providing pertinent IT solutions and services," Hirabayashi says.

## Opportunities set to mushroom across Asia for Hokuto

Reports by Stacey Johnson, Christina Liedeke and Jessica Ryan

Healthier digestive, cardiovascular and immune systems are among the effects of eating mushrooms as part of a wholesome diet. As a quality mushroom manufacturer in Japan, Hokuto has cultivated its brand to represent the nutrition and tastiness that mushrooms add to Asian and Western cuisines. The company aims to familiarise overseas consumers with the benefits of mushrooms by expanding in Southeast Asia.

"Educating more Asian countries about how our mushrooms can be used in daily cuisine is a priority for us," says Masayoshi Mizuno, president. "Backed by our brand name, our mushrooms are regarded as high quality."

Based in Nagano prefecture, which is famous for its wild mushrooms, Hokuto began as a packaging materials company that made bottles for mushroom cultivation. Hokuto then established the Mushroom General Research Institute in 1983, which enabled it to independently produce mushrooms such as enrygii, maitake and buna-shimeji.



Masayoshi Mizuno, president

The institute gives Hokuto insight into the properties of mushrooms, which make them an ideal health food due to their zero cholesterol content, low calorie content and high amounts of antioxidants, fibre and vitamins B and D.

Hokuto genetically engineers mushrooms to improve and combine characteristics such as taste, texture and longer shelf life. These qualities in the company's products earned high evaluation scores from the Japan Agriculture Association. The company incorporates these qualities in developing its own species such as white buna-shimeji, known as bunapi.

Bunapi is popular for its chewy texture and creamy taste, which is milder than the original brown buna-shimeji's flavour. Together with maitake, which has a richer taste and aroma, these mushrooms are considered healthier alternatives to meat.

Having stabilised mushroom supplies for production and distribution throughout the country, Hokuto's research and development also aided its expansion into regional markets.

The company opened two factories in Taiwan with a combined annual capacity of 3,000 tonnes of mushrooms for export to Hong Kong. It also looks forward to widening its reach to the mainland.

To mark its 50th anniversary this year, Hokuto will be opening a factory in Malaysia that will begin operations in November.

As it continues to develop mushrooms to suit consumer preferences, the company plans to obtain halal certification by next year.

"The Asian market will have more opportunities for us over the next 50 years," Mizuno says. "Providing high-quality mushrooms is important to us and I hope that Asia comes to recognise our mushrooms as products made by Japan."

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## Nitta-born technologies revolutionise industries

Obsessed with inventing, improving and pursuing corporate social responsibility, Nitta has grown to become one of the leading manufacturers of premium soft-materials-based products worldwide. With a history spanning 129 years, the company started as a producer of power transmission leather belts. Nitta has since developed to supply a broad product range incorporating frontier technologies. Its expertise extends from transmission and conveyor belts, hydraulic hose and

pneumatic tubing, and air filters for manufacturing plants and buildings, to mechatronic products for robots and wafer polishers for next-generation computers.

The company's biggest achievement, however, is yet to come. This month, Nitta welcomes its next president – Motonobu Nitta. The fresh leadership will steer the company through an aggressive growth path envisioned in its mid- and long-term management plan. In particular, Nitta forecasts global sales to surge 40 per cent until 2020. The target expansion is more staggering in Asia at 120 per cent on the back of heightened regional networking and introduction of innovative products.

"We're strengthening the company by promoting new product ideas to meet changes in the global environmental and market conditions," Nitta says.

Its Intellimer tape, for example, has simplified various production processes. Initially launched in Taiwan, the invention is a functional tape that reversibly sticks and releases items in response to temperature changes.

When used in semiconductor manufacturing, Intellimer saves on production costs as manufacturers have to use only one set of tape to hold the wafers from laminating

and cutting to releasing. Intellimer also drastically reduces pollution as its minimal adhesive residue eliminates the need to clean the wafers with solvent.

Such environmental concern defines Nitta. The company has developed "green" products such as its selective catalytic reduction system, which filters emissions from passenger vehicles to buses and trucks. The company has also been maintaining a 6,700-hectare forest reserve in Hokkaido since 1906.

Other innovations are bound to revolutionise industries. Nitta has developed superior carbon nanotubes after discovering a way to neatly align nanofibres along membranes.

To be initially introduced in Japan as tubings for sectors such as aerospace, medical and transport, the product will feature more stable chemical, thermal and electrostatic properties. In the field of logistics, Nitta has designed a radio-frequency identification tag that is only 0.1mm thick and can be used on metal surfaces.

"We have developed the Asia Networking concept, where we see Asia as one strategic area to manage and invest," Nitta says. "We want to be the No 1 global partner in composite technologies of soft materials."



Motonobu Nitta, president

## EXEDY gives back to society

When EXEDY is not setting global standards for niche vehicle components, it is leading the world in corporate social responsibility (CSR).

Just next to its Neyagawa headquarters in Osaka, the world's leading designer and manufacturer of manual clutch and torque converters has established a different kind of subsidiary. EXEDY Sun looks like an ordinary company from the outside. But inside the 400-square-metre facility, physically challenged workers wash and clean containers and arrange vehicle parts. About 27 of its 32 employees are autistic or have a disability.

"This is our way of giving back to society," says Haruo Shimizu, president and CEO of EXEDY. "This philosophy is a core aspect of our corporate identity."

The company's CSR activities include the Kiddyland kindergarten school and extensive relief operations in Thailand during the floods. In particular, its CSR programme has become a model for the government and other private companies in Thailand.

The company operates in 23 countries through 41 subsidiaries, six of which are in China. Focused on safety, quality, just-in-time delivery and cost, the EXEDY Group caters to giant original equipment manufacturers such as Toyota, Nissan, Honda, Volvo, Ford, GM, Daimler, Hyundai and many others.

A first mover in the market, EXEDY enjoys global technological leadership. By using lighter materials such as paper bonded with metal, for example, the company has raised

the efficiency of its torque converters up to about 90 per cent.

"Technology and the passion of our people have driven our phenomenal growth," Shimizu says. "We encourage our engineers to come up with something new and better every day."

Recognising the significant contribution of its more than 17,000 employees worldwide, EXEDY continues to inspire them. The company's overwhelming support for its female staff, for instance, has produced some of the best female athletes in the world.

Three of its employees working at its Hokkaido facility are members of the Japanese women's national

ice hockey team, which competed in the 2014 Winter Olympics in Sochi. Meanwhile, 25 of the 28 members of the Iga Football Club Kunoichi, a women's team playing in Division 1 of Japan's Nadeshiko League, are company employees. Additionally, working on the eighth floor of EXEDY's Osaka headquarters is Japan's only female Formula driver. Ai Miura has competed in 12 Formula Challenge Japan races and has made history as the first female driver to win a Japan Formula 3 race.

"Everything we do comes back to the employees," Shimizu says. "At the end of the day, we would like them to sincerely say, 'I love EXEDY!'"



Haruo Shimizu, president and CEO



# Nikkiso caters to Asia with integrated solutions

Finding the right solutions for industries as diverse as oil and gas, medical and aviation across different markets around the world is all about keeping the customer process in focus. This ability to satisfy varying customer requirements, while adapting to local market needs, has catapulted Nikkiso into the top five global players in its highly specialised fields.

"The market that we're aiming for is very small and niche," says Toshihiko Kai, president and CEO of Nikkiso. "The only way that we're able to maintain the top position is by always catering to our clients' needs and developing new and original technologies."

Nikkiso's expertise started in fluid control technologies. It pioneered Japan's canned motor pumps and developed the country's first hemodialysis monitoring machines in the 1960s. It has acquired a global presence since then, accounting for about 30 per cent of the worldwide sales of canned motor pumps, which are instrumental to the chemical and process industries. With each pump customised according to specific customer requirements, Nikkiso has produced more than a billion varieties of its core product, including cryogenic pumps that are used extensively in the LNG business.

Meanwhile, the company's hemodialysis monitoring machines continue to enjoy brisk sales in Japan, where Nikkiso holds a 50-per-cent market share. New versions of the machines are fully automated, allowing hospitals to maintain safe renal procedures at lower labour costs.

Nikkiso is likewise established in the aviation industry. Becoming the world's first manufacturer to replace

aluminium alloy with carbon-fibre-reinforced plastic (CFRP) in aircraft components, it helped pave the way for today's lightweight and fuel-efficient aircraft. Nikkiso's thrust reverser cascades are on most commercial aircraft, with the company holding a 90-per-cent share globally as an indispensable supplier for Boeing, Airbus and Bombardier. Sales of CFRP thrust reverser components and other main wing and engine components are also increasing.

"Since the launch of the Boeing 787, many industry players have asked us to develop CFRP material for the more complex equipment," Kai says. "We have been very busy developing new products."

Recognising Asia's growing prominence in the global market, Nikkiso heads into the future with a special focus on durable yet economical solutions for the oil and gas industry.

"The business in Asia is very important to us," Kai says. "We need to make sure that we find the right market and see what works within that market."

Integrated solutions hold much promise, prompting Nikkiso to intensify collaborative pursuits with German affiliate Lewa, which complements the group in the upstream segment with its expertise in reciprocal pumps, packages and systems.

"It's very important that we listen to the market and cater to the specific needs that come up," Kai says. "By integrating the pumps into a system and providing everything from planning to plumbing, we have a big chance to succeed as a group."

Such integrated solutions come with after-sales service and maintenance that make the equipment last for up to 30 years and optimise operating costs throughout the lifecycle.

Meanwhile, Nikkiso co-develops new-generation canned motor pumps with Germany's KSB Group for the downstream oil industry.

In the medical business, a partnership with the Weigao Group establishes a strong footprint in China and export possibilities. Weigao's capability in hemodialysis consumables such as blood dialysers and its strong local sales network complement Nikkiso's sophisticated technology for the fast-growing renal business in China.

"The priority lies more in keeping the superiority of our original technologies through constant advances and retaining the advantage that we have," Kai says. "And I think by pursuing that, we'll actually see the results."



Toshihiko Kai, president and CEO

## Tokai Tokyo strengthens platform through innovative alliances

The overall sentiment for Japan's stock market remains positive especially after a strong rebound last year. Receiving a much-needed push from the government's aggressive monetary, fiscal and growth policy, Japanese stocks have regained the interest of domestic and international investors. Having more than 80 years' experience and an intimate knowledge of the securities industry, Tokai Tokyo Financial Group is the partner of choice for those seeking to diversify their financial assets and invest in the re-energised stock market of the world's third-largest economy.

"The securities market is favourable now, offering more upside potential and near-term opportunities to investors," says Tateaki Ishida, Tokai Tokyo president and CEO. "Japanese stocks are relatively low-priced with the Nikkei trading at approximately 1.3 times its book value – about 50 per cent lower than United States stocks. With our extensive market and investment insights, we can lead and effectively guide prospective investors in making the right purchases."

Founded in 1929, Tokai Tokyo has evolved to become a financial service group with securities brokerage firm Tokai Tokyo Securities as its operating nucleus. The company has vigorously pursued joint venture securities operations with regional banks in order to build a strong customer network.

This has become Tokai Tokyo's distinct business model on top of its commanding presence in the Chubu region. These alliances have also proven vital in difficult economic and competitive environments, making the company resilient to circumvent the effects of the global economic



Tateaki Ishida, president and CEO

slowdown between fiscal years 2009 and 2011.

In 2009, Tokai Tokyo adopted a holding company structure to free itself from the constraints of a conventional securities company framework. "With a holding company structure, we can easily pursue growth via domestic and international partnerships and strategic alliances," Ishida says.

Through its subsidiaries and affiliates, Tokai Tokyo offers a comprehensive range of products and solutions to meet the financing and asset management needs of two high-priority customer segments: medium-sized businesses and high-net-worth individuals. The company has subsidiaries involved in trading and brokerage, underwriting and sale of securities, and other activities associated with financial instruments.

Tokai Tokyo directly engages in the securities business abroad through two subsidiaries: London-based Tokai Tokyo Securities Europe and Hong Kong-based Tokai Tokyo

Securities (Asia). It has also established an information gathering subsidiary in the US and a fund management subsidiary in Singapore.

"As we seek to further advance our international expansion strategy, we intend to form more strategic partnerships with leading overseas financial institutions, particularly in Asia, not only to assist our domestic customers with their foreign investments, but also to entice international investors to come to Japan," Ishida says.

Embracing its innovative alliance strategy further, Tokai Tokyo has expanded its partner network to Asia, Europe and the US, thereby globalising the company's portfolio. Tokai Tokyo's key business partners in Asia have come to include Guotai Junan Securities in China, Daewoo Securities in South Korea, Saigon Securities in Vietnam, Religare Enterprises in India, Phillip Securities in Singapore and First Metro Investment in the Philippines. These business tie-ups have been arranged to mutually enhance the capabilities of the parties to deliver financial instruments and services to the benefit of their respective clients. In December last year, Tokai Tokyo announced that it had formed a strategic partnership with the Bank of East Asia, Hong Kong's largest independent local bank, and closed a business alliance deal with American comprehensive financial service group Stifel Financial.

"Going forward, we will continue to diversify and build up our operations through business co-operation for us to fulfil the growing needs of our valued clients," Ishida says. "These key alliances are essential for our rise to become one of Asia's 10 leading securities firms."

## International expansion paves way for diversity

Technology has made the world smaller, breaking borders to connect people from one corner of the globe to the other. Leveraging its vast expertise in this area, JASTEC, one of Japan's oldest information technology services companies, looks outside its home market to gain a cosmopolitan perspective that will enable it to revolutionise the local software industry.

"To make an impact in Japan, we have to collaborate with people outside," says Noboru Nakatani, president and CEO. "If we expand, our people will gain different experiences and skills to come up with better ideas for a more progressive business



Noboru Nakatani, president and CEO

landscape." JASTEC develops solutions such as business automation systems, process rationalisation systems and packaged software. Specialising in custom application development, JASTEC has been the partner of choice for Japanese enterprises in the fields of construction, manufacturing, finance, insurance and securities. JASTEC partners with only one major customer in each of these business fields to ensure that it can provide the best service and to safeguard confidential information.

Committed to pursuing operational excellence, JASTEC continuously improves processes to deliver the best solutions. It is this strict adherence to

quality that earned JASTEC a company-wide level 5 Capability Maturity Model Integration – an appraisal programme conducted by the Software Engineering Institute of Carnegie Mellon University to evaluate the software development processes. JASTEC was the first company in Japan to have achieved level 5 status back in 2003.

JASTEC is open to acquiring companies, possibly from Hong Kong, Singapore and India, that can help it establish a launch pad in the region for working with Asian clients.

"Aside from expanding our business, an acquisition can also help us develop new technologies," Nakatani says. "We would like to have more interactions with intelligent people and there are a lot in Asia. We can learn a lot from them just as they would learn a lot from us."

Pump

Pumps and systems for various industries such as energy, power, food, pharmaceutical, etc.

CFRP

CFRP composite products such as components for aircraft thrust reversers

Medical

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## SPECIAL REPORT: JAPAN COUNTRY REPORT

## NDC reshapes fire protection systems as reliable guardian of communities

Fire protection equipment and systems act as guards who are first on the scene during community emergencies. Committed to protecting the public and the environment, Nippon Dry-Chemical (NDC) is a comprehensive provider of fire detection devices, fire suppression equipment and fire engines.

"We feel the huge responsibility of providing more efficient, more reliable systems and equipment," says Eiichi Tohyama, president and CEO. "We are here as a guardian."

Innovation, coupled with an entrepreneurial spirit, enables NDC to fulfil its duties as a protector of the environment. NDC is the world's first firm to manufacture a full range of portable fire extinguishers made of aluminium. Producing the cylinder

does not require welding, making it more efficient to manufacture and recycle. Being 20 per cent lighter than a typical steel fire extinguisher, an ecological aluminium fire extinguisher is easier for women and seniors to carry, and reduces fuel consumption during transport.

Furthermore, it is commonly acknowledged in Japan that recycling agents should comprise at least 40 per cent of an eco-friendly fire extinguisher's contents. NDC manufactures eco-friendly fire extinguishers containing 60 per cent recycling agents.

The company has likewise developed the world's first method for inspecting and maintaining industrial carbon dioxide fire suppression systems without unnecessarily releasing carbon

dioxide into the atmosphere. NDC looks to share its innovations through collaborations with its counterparts across Southeast Asia that aim to become more environment-friendly.

Innovation is also paving the way for NDC to cement its role as a guardian of communities. The company is developing means to integrate wireless telecommunications into fire protection systems within smart cities. This integration would result in real-time reports of fire outbreaks, enabling authorities to respond faster and more efficiently.

"Quickly detecting and putting out fires, saving lives and reducing damage is our philosophy," Tohyama says.

"We are reshaping the concept of the fire protection industry."



Eiichi Tohyama, president and CEO



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## Life sciences, car industry evolve with JSR technology

JSR Corporation breaks new ground in the life sciences and car industries with materials innovation that has proven indispensable to modern life.

The company's technology is revolutionising the detection of infectious diseases such as hepatitis in China. A joint venture in Beijing makes diagnostic reagents readily available to hospitals and clinics throughout China to satisfy increasing demand.

Magnetic beads, another diagnostic reagent derived from JSR's pioneering polymer technology, analyse the DNA structure for health risks or to identify the most effective drugs for existing diseases. An exciting prospect in the life sciences is breakthrough research and development (R&D) on biosensors that can help cancer patients prolong their lives.

"We followed the market evolution," says Nobu Koshiba, JSR president. "There are many similarities in the development and manufacturing processes for semiconductors and pharmaceuticals. For semiconductor manufacturing, we adhere to strict procedure and protocols to tightly control impurity levels because they can affect the performance of final products. The same discipline can be applied in life sciences."

JSR's technology is also transforming the vehicle tyre market. The company is building a huge plant in Thailand for its solution polymerised styrene-butadiene rubber (S-SBR), the raw material for fuel-efficient and high-performance tyres. The plant is close to major tyre manufacturers that are establishing a huge presence there. Thailand will likewise be JSR's base for S-SBR distribution to China and Southeast Asia.

Establishing joint venture partnerships is crucial in this business. "From the standpoint of the butadiene producer, they can capture the value of the raw material and its end-product," Koshiba says. "We

bring in the polymer technology, while they pitch in the raw materials. That's where we see a common interest."

This has already happened in Europe, where JSR established a joint venture with MOL Hungarian Oil and Gas for an S-SBR plant in Hungary. Slated for launch in 2017, the plant will serve major tyre manufacturers in Western Europe and fast-rising European markets.

Sales of eco-friendly tyres are booming in Europe because they are cost-effective in lowering the exhaust emissions of passenger cars.

European environmental regulation requires manufacturers to limit carbon dioxide emissions from passenger cars to 130 grams per kilometre. Through superior gripping power and rolling resistance, the tyres help cut fuel consumption by about 15 per cent and exhaust emission to 120 grams per kilometre.

Supercapacitors, traditionally used in uninterruptible power supply devices, can be modified for the car industry to boost the performance of heavy buses, trucks and construction machines, and eventually passenger cars. To tap into this opportunity, JSR is expanding its capacity for lithium-ion capacitors through subsidiary JM Energy by building a new plant in Yamanashi, Japan.

"We cover a large spectrum of

technologies," Koshiba says. "Ten per cent of our R&D budget is always dedicated to something new, and 900 of our 5,800 employees are in R&D."

This allocation is on top of R&D funds supporting petrochemicals, fine chemicals and strategic businesses.

JSR's net sales this fiscal year hit US\$3.8 billion, approaching record levels reached before the global financial crisis. More than 50 per cent of the company's sales are coming from overseas, with non-Japanese employees comprising more than 20 per cent of JSR staff.

Core business areas, such as petrochemical products, semiconductor materials and flat panel display materials, will propel the company's progress. In the highly competitive semiconductor business, JSR faces a robust future with 22-nanometre chips used in various applications, including high-performance smartphones and tablets. Also, its high-performance LCD materials support a larger screen size with high-resolution display, one of the reasons behind the increasing appeal of high-performance smartphones to the tablet-toting crowd.

"We are a long-term player, so we go for sustainable growth and resilience to any changes," Koshiba says.



Nobu Koshiba, president

## Mori Trust empowers sustainable urban developments, investments

Urban developers in Japan face the challenge of revitalising not just the country's ageing infrastructure but its economy, which took a massive hit from the global financial slowdown and the 2011 earthquake. The task may be challenging, but is embraced by Mori Trust, which has helped shape Tokyo for more than six decades.

"Beyond buildings and other infrastructure, urban developers should create responsible, sustainable cities," says Akira Mori, president and chief executive director. "The 'Trust' in our company's name is a reinforcement of our focus on reliability and trustworthiness. Our philosophy is to add social value in whatever we develop."

The family-owned, private and independent company has a diverse portfolio of offices, hotels, resorts and residential and retail spaces, including Tokyo Shiodome Building and Marunouchi Trust City. It has also fostered relationships with renowned hotel and resort brands such as Conrad, Shangri-La, Marriott and Westin.

Among Mori Trust's most valued achievements, however, is its contribution to Japan's disaster preparedness through projects such as the Sendai Trust City, whose

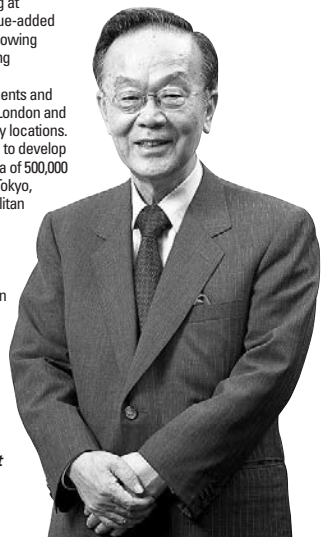
fortified construction sheltered about 11,000 people when it was struck by a 9.0-magnitude earthquake in 2011.

With sustainability in mind, Mori Trust is investing in environment-related businesses to enhance efficiency. It is also looking at megaplexes with high value-added services to address the growing concentration of the ageing population in cities.

Pursuing new investments and markets, Mori Trust eyes London and New York as ideal property locations. Closer to home, it is slated to develop a site with a total floor area of 500,000 square metres in central Tokyo, where the Tokyo Metropolitan Government empowers development intensively. It also anticipates involvement in Tokyo's upcoming developments in time for the 2020 Summer Olympics.

"Balancing growth, profitability and stability, Mori Trust is committed to forming disaster-resilient, eco-friendly sustainable

cities and investing in economically revitalising businesses that address our society's needs and boost Japan's global competitiveness," Mori says.



Akira Mori, president and chief executive director

## Daiwa SB Investments discovers more opportunities in Asia

Investment opportunities abound in Japan and the rest of Asia, but it takes a firm that is committed to quality and value creation for investors to discover them. Daiwa SB Investments is a leading Japanese investment powerhouse whose guidance for domestic and Asian clients makes it a major contributor to the country's economy. The firm helps domestic institutional and individual investors to find prospects across the region, while assisting Asian financiers in exploring the advantages of investing in Japan's stable, transparent and liquid economy.

Daiwa SB Investments is well-known in the industry for its investment style, which emphasises the value style approach. This emphasis, together with the firm's philosophy, has earned the trust of clients with mutual funds and pensions since 1973. "Our corporate philosophy is to be top in quality in



Masami Tada, president and CEO

terms of investment skill," says Masami Tada, president and CEO.

The firm's dedication to quality fuels its expansion into Asia on its clients' behalf. To assist Japanese investors, it has established an office in Singapore for Southeast

Asian markets and in Hong Kong and Shanghai for East Asia, including the mainland, South Korea and Taiwan.

"Our clients are looking to invest in Asian markets," Tada says. "To meet their demands, it is important for us to go to Asia and establish our asset management platform. I'm convinced that within five years, we may have big business opportunities in Asia."

Reaching out across the region has brought the company into contact with Asian companies that are interested in Japanese equity. Daiwa SB Investments is ready to provide insight for these investors to help them find the best value in the domestic market.

"Tokyo, in terms of capitalisation, is still one of the biggest equity markets in the world," Tada says. "This year, we may find foreign investors who will participate in this market."

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SPECIAL REPORT: JAPAN COUNTRY REPORT



Masato Watanabe, president

Kanefusa carves sharp profits through innovative cutting-edge tools

Spawning advancements in manufacturing, Japanese technology has become almost synonymous with "state of the art". Applying this technological proficiency to cutting tools, Kanefusa has achieved extremely sharp blades, and even sharper customer profits.

Kanefusa mainly serves the housing, woodworking, metalworking, plastics and paper industries with products such as long knives, cutters and circular sawblades. Founded by master blacksmith and samurai Kankichi Kamiya in 1896, Kanefusa is the market leader in Japan and No 2 globally, with a turnover of almost US\$170 million. Listed on the Tokyo and Nagoya stock exchanges, Kanefusa is establishing its presence in Asia to become the region's top cutting tools manufacturer.

"Companies around the world use our cutting tools because of their accuracy and quality," says Masato Watanabe, president.

With ISO 9001 and ISO 14001 certifications, Kanefusa has been producing original, high-precision cutting tools for more than a century. It developed the Ferro Max (FM) cold sawblade when there was no efficient technology available yet for cutting steel billets. A product of intensive research, FM cold sawblade has since become the industry standard.

Creating great value for customers, Kanefusa also developed narrower and more efficient blades for Scandinavian sawmills. The sawblades save on wood, translating to millions in profits.

A pioneering innovator, Kanefusa offers a software-hardware package that can raise production and speed by up to 10 per cent. "No matter how good the knives are, you don't get the best results without technical knowledge or software," says Tetsuro Hirako, managing director. "Software is priceless because it assures precision."

Kanefusa has a global network that covers four continents. In China, it has its office and a factory in Kunshan and sales offices in Tianjin and Guangdong. Intent on preserving its edge on the mainland, it provides more value with better aftercare services.

"The number of manufacturers in China can be overwhelming, but our quality, knowledge, responsiveness and service will keep us at the cutting edge," Watanabe says.

OYO delivers comprehensive surveying and instrumentation solutions

Known as "doctor to the earth", OYO integrates geological, geotechnical and geophysical applications to provide superior value creation. Backed by years of expertise, it has the right fundamentals to pursue its goal of building a sustainable society.

A pioneering company in geological engineering, OYO was founded in 1954 during Japan's rapid and robust post-war reconstruction. Starting from the debris of the war, it developed technical services that were previously untapped.

"We were the first to adopt a quantitative assessment of geotechnical investigation, which distinguished us from our peers," says Masaru Narita, president and CEO.

"We set industry standards

by inventing measuring devices to support our exploration activities."

With safety, security and economic viability as its topmost priorities, OYO is involved in almost all major infrastructure projects in Japan. It determined the optimum depth of the Tokyo Tower base and undertook geotechnical investigation and analysis for the construction of Kansai International Airport.

Growing its top line for four consecutive years, its net sales last year climbed 15.55 per cent to 47.03 billion yen (HK\$3.6 billion), from 40.70 billion yen in 2012.

To sustain positive gains, it formulated a long-term business strategy known as "OYO 2020". The plan is to integrate the company's geo-engineering and consultation services and measuring instruments manufacturing to create niche markets

for its information technology applications, and enhance its capability as a solutions provider to establish a sustainable society.

To strengthen its business base and expand its regional foothold, the company invests in energy-related exploration from its manufactured instruments, particularly sensors, and in its investigation and consulting services related to seismic or structural ground characteristics. One innovative offering is the i-sensor, a remote wireless landslide monitoring system installed at the slope at risk. The system automatically sends predetermined symptoms to road administrators by cellular phone to minimise the damage caused by risky slopes.

The company delivers cost-efficient, leading-edge earth monitoring, analysis and visualisation solutions for effective environmental

resource management. It has developed its original geological information system known as MAGIS and targets the harmonised monitoring system of engineering and information system towards Asian markets.

OYO seeks like-minded partners for collaboration opportunities in Southeast Asia, with focus on disaster preparedness projects such as urban resilience enhancement and earthquake hazard analysis in seismic-risky regions.

"Learning from our past experience and accumulated expertise, we can offer a lot to Asia," Narita says. "We do not treat the assessed individual areas or problems separately – we combine construction-related issues, disaster damage mitigation, advanced instrumentation and the environmental treatment area to bring an integrated solutions package."



Masaru Narita, president and CEO

Speciality film manufacturer sets standards for consumer electronics

Bringing technology to the people is the mission of speciality film manufacturer Kimoto. As the latest smartphones, tablets and other gadgets continue to make their debut, Kimoto evolves alongside trends as a technology specialist that sets quality and performance standards for consumer electronics.

"Developing technology for the people is our sole objective," says Casey Kimoto, president. "Our business culture is based on our eagerness to develop new technology, and our thirst for knowledge has made us what we are today."

Kimoto's agility in developing products allows it to make samples of materials on demand within three days, instead of several months. "The electronics industry moves very quickly, so we move as soon as possible in planning and decision-making," Kimoto says.

The company's next-generation working environment enables Kimoto's agility. Encouraging openness and flexibility, this environment fuels Kimoto's drive to constantly discover new products to meet the market's changing needs. KB-Film, for instance, is a hard-coated film, which is Kimoto's flagship product. Its scratch-resistant surface has made KB-Film an integral smartphone component and a leading brand in touch panel production. Smartphone manufacturers and subcontractors often specify KB-Film or other Kimoto products for use in their devices.

"We are very proud of our product specifications for exceeding market requirements," Kimoto says. "We try to set the standards for market specifications as much as possible."

Kimoto has been dedicated to continually improving its products since its inception in 1952 as an image-processing company for



Casey Kimoto, president

map-making. Starting out by manufacturing paper for engineers' drawings, the company's portfolio today includes film for printed circuit boards and for organic light-emitting diode (OLED) lighting. With various applications ranging from electronic devices to windows used in construction, OLED lighting can potentially reduce the world's energy consumption by 50 per cent. With OLED's potential yet to be realised in the market, Kimoto welcomes partnerships with Asian distributors with firm connections to construction and interior design companies. These partnerships are integral to Kimoto's strategy for the region. The company will be continuing its research and development efforts to meet regional consumers' particular requirements such as heat reduction, which is a key concern in Southeast Asia.

As its activities across the region continue, Kimoto remains committed to its corporate social responsibility programme in Japan. The company established near its manufacturing facilities in Mie prefecture the rice-producing Kimoto Farm Project, which it plans to replicate regionally to support Asian farming technology.





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Sankyo envisions boosting efficiency at Asia's ports

Seafood travels from waters across the globe to a household's dining table as fresh as when it was caught, thanks to a streamlined, complex and constantly evolving distribution system. One key is efficiency; another is continuous logistics innovation, according to Yokohama-headquartered global intermodal distribution service provider Sankyo Corporation.

These strengths, combined with an exceptional track record transporting food products, vehicles, machinery, equipment, lumber, housing materials and general cargo, have made Sankyo among the most trusted distribution partners in the United States, Europe, China and Southeast Asia.

Leveraging a global network as part of Fujiki Corporation, whose legacy is rooted in stevedore and longshore services since 1923, family-owned Sankyo also offers import/export and customs clearance, harbour transport and domestic distribution services.

The mainland is one of Sankyo's fastest-growing markets, where it has joint ventures with Port of Dalian Container Development Company, Hong Kong-listed Singamas International Container and heavy-lift cargo specialist NYK Bulk & Projects Carriers. Among Sankyo's other remarkable relationships in the region is with the Port of Dalian Authority, whose executives have been training with Sankyo since 1983.

"We have since trained 32 delegations; now we are also sending trainees to Dalian to learn about China's ever-growing logistics operations," says Kozo Fujiki, president and executive director. "It has become an invaluable, mutually beneficial partnership."

Sankyo aims to replicate such a relationship with more equity partners on the mainland and the rest of Southeast Asia. It has formed joint ventures Sankyo Global Logistics (Singapore) and BTL Sankyo Global Company in Thailand, bringing its customer base and international experience. It eyes Malaysia as its next destination.

"We are thrilled to meet new partners around Asia and the world, hopefully to help improve the skills and efficiency at ports," Fujiki says. "Our best drivers, for instance, can move 60 containers per hour. That is the level of expertise we want to bring."

We are thrilled to meet new partners around Asia and the world, hopefully to help improve the skills and efficiency at ports

Kozo Fujiki  
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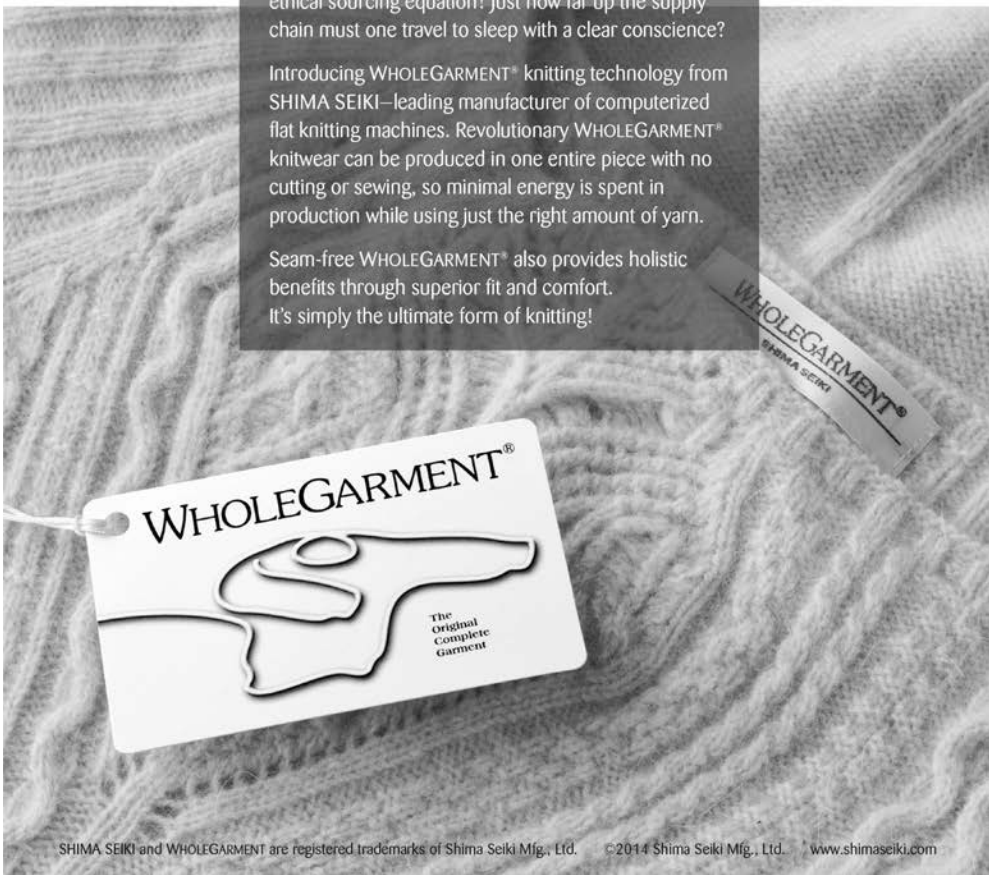


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## SPECIAL REPORT

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# Shima Seiki weaves technology, design into breakthrough quality knitwear

When Masahiro Shima started his glove-knitting machine factory in 1962, all he intended to do was to automate the production of safe, reliable and perfectly designed knitted gloves. Turning the glove bottom-up and connecting the three finger pockets in the middle, he realised the process can also be applied to produce knitted sweaters.

Harnessing his engineering spirit, Shima went on to establish Shima Seiki, a company that today serves the world's computerised flat knitting machine markets in more than 90 countries. The same spirit embodies Shima Seiki's employees as designers work towards creativity, ingenuity and exceeding boundaries on a daily basis.

From pioneering the development of automated machines for knitting gloves, Shima Seiki has become a major supplier for the advancement of knitted apparel, accessories and various textiles for the fashion, furnishing, automotive and aerospace industries.

"We made the impossible possible," says Dr Masahiro Shima, president. "We took a complicated industry, studied it and streamlined it into a modern viable business."

Shima Seiki offers complete textile production solutions including a full range of knitting, cutting and inkjet printing machines. The company's knitwear technology is unrivalled and continues to advance, producing groundbreaking textile manufacturing systems.

Among its pioneering solutions is the takedown comb used to perform individual-shaped knitting on a short needlebed. This innovation became the benchmark for knit manufacturing



Dr Masahiro Shima, president

worldwide. The company's Digital Stitch Control System supports modern knit producers as they respond to market demand for higher-quality knit.

Shima Seiki was also the first to apply computer graphics to the programming of flat knitting machines and texture mapping technology to the apparel industry. Equipped with specialised printing technology, Shima Seiki printers generate superb definition, and can reproduce a fabric's fine shades and hues down to the texture of the knit.

Shima Seiki develops everything—from software programs to machines. This approach ensures product consistency and enables the company to provide quality, detailed service to customers. Its latest advantage is another first in the world—WHOLEGARMENT technology.

Creating a complete garment in a single production step, Shima Seiki's WHOLEGARMENT technology is an efficient alternative to conventional knitting. It uses a breakthrough seam-

free knitting process that can be applied into any garment or textile design. With a single push of a button, a knitter can create knitwear just by setting the thread onto a pre-programmed knitting machine.

"WHOLEGARMENT is a plus for people who buy it, wear it and manufacture it," Shima says. "For consumers, it's more comfortable to wear and it fits very well. For manufacturers, it can be produced in very short cycles. Custom-made knitwear becomes possible."

The WHOLEGARMENT method also saves resources and energy, and reduces labour costs. "What we offer is extremely short lead times in production as there's no sewing involved," Shima says. "To produce a dress, for instance, what used to take months only requires an hour. It's also better for the environment because it uses fewer materials."

As the growth of the Asian textile industry opens doors for expansion in the textile machinery market, a high degree of automation coupled with flexibility has become a precept in the region.

Shima Seiki seeks to provide the best computerised knitting systems to manufacturers on the mainland, in Hong Kong and Southeast Asia. It ensures its customers' investments are worthwhile by offering "ideal knitwear" solutions that support the development of new markets and niche items.

"Our customers' success means our own success so we place their interests first," Shima says. "Efficiency, diversity, comfort and fit—these are the things that produce consumer satisfaction. We work hard to achieve these principles and strive to be a company that customers can always trust."

## ISEKI's revolutionary machineries modernise agricultural environments

ISEKI, whose name has become synonymous with quality and innovation in agricultural machinery manufacturing, has remained steadfast with the high ideals that the company was founded on. ISEKI is unwavering in its pursuit of efficient and labour-saving advances in agriculture since its formation in 1926, being fully aware that its role is becoming more significant amid the global issues of rapid population growth and rising food demand. The company has continued to develop and bring to market premium-level farm machines and technologies to improve yields and reduce on-farm and post-harvest loss.

"ISEKI has played a key role in the mechanisation of Japan's agricultural industry, leading to increased productivity along the entire value chain and, more importantly, improved quality of life for farmers," says president Noriyuki Kimura. "We are harnessing our core competencies to accelerate overseas deployment with an eye on Asia, where mechanisation is advancing remarkably because of government support."

ISEKI's strength lies in farming machinery, particularly tractors, high-clearance multipurpose vehicles, rice



Noriyuki Kimura, president

and vegetable transplanters, and combine harvesters. With award-winning products acclaimed for their innovative and eco-friendly design, outstanding efficiency and ease of use, ISEKI has secured a stable share of the highly competitive domestic market. To accelerate its expansion in Asia, ISEKI is investing in new machine types that satisfy differing market needs. For China, it has rolled out rice transplanters, combine harvesters and vegetable-growing equipment with improved adaptability to local crop and field conditions.

"Innovation drives our company," Kimura says. "We strive for

continuous improvements, blending the best of modern design technology with in-house engineering excellence to produce top-quality agricultural machines that meet market demands."

ISEKI is also committed to providing the best customer experience in the industry. It has created a comprehensive support infrastructure that ensures clients have access to farming implements, spare parts, service and training programmes. Through overseas subsidiaries, associated companies and distributors, ISEKI's global network covers Asia, North America, Europe and Oceania.

Recognising China's enormous potential, the company established a direct presence in the country through two sales and manufacturing sites. ISEKI is also strengthening its presence in Southeast Asia with the start-up of a tractor production plant in Indonesia in January and the formation of a Thai sales company in collaboration with Mitsubishi.

"We are keen on forging more business alliances and joint ventures in Asia," Kimura says. "Asia, where rice is the most widely consumed staple food, will propel our future growth."

## Hulic contributes to urban and national development

The continuing development of Japan and its capital relies on the contribution of companies that prioritise the public good. Hulic is the fourth-largest Japanese real estate company that specialises in leasing medium-sized office buildings in Tokyo. By focusing on the needs of its tenants, Hulic has become a significant contributor to urban and national economic growth.

"Because 99 per cent of Japanese businesses are small- and mid-sized companies and high corporate taxes prevent large-sized global companies from increasing their base in Tokyo, we stay in the mid-sized office market," says a Hulic spokesman.

Hulic's tenants enjoy easy access to its buildings, with 88 per cent of its portfolio located in Tokyo's top five districts. Most of these buildings are within walking distance of a metro rail station. This proximity has resulted in Hulic's super-low



Saburo Nishiura, president and CEO

vacancy rate of 0.4 per cent for all of its 161 properties.

The company is investing aggressively to increase leasing spaces. Hulic's market capitalisation amount has grown 13 times since its initial public offering in 2008.

Hulic's buildings are engineered to stand up to intensity 7 earthquakes on the Japan Meteorological Agency scale. The company has also collaborated with the Massachusetts Institute of Technology on a device for natural ventilation and lighting, which enables the reduction of carbon dioxide emissions by more than 40 per cent per building compared to previous technology.

Hulic has also embarked on solar power generation activities in abandoned areas near the Fukushima nuclear plant that could provide extremely inexpensive electricity for its tenants. The company looks to replicate these activities in Japan's rural areas.

Dedicated to contributing to society, Hulic has expanded into senior care facilities. With 18 nursing homes in its portfolio, the company is looking to develop opportunities in this sector by working with partners in Southeast Asia.



SPECIAL REPORT: JAPAN COUNTRY REPORT

# Paradigm shift fortifies Lippo Cikarang as a pillar of the Indonesian economy

The tide is turning for Cikarang, the industrial capital of Bekasi Regency in Indonesia's West Java located about 30 kilometres east of Jakarta. Reflecting the country's robust industrial development fuelled by record-high foreign direct investments and rapid credit growth, the city is bustling with life, commerce and progress – and at the heart of it is Lippo Cikarang. Acclaimed as a self-contained city, Lippo Cikarang is home to more than 45,000 residents, 892 shophouses and 820 factories. Supporting the region's growing light-medium industrial sector, it has created more than 80,000 jobs and welcomes 350,000 daily workers. Completing the community are some of the country's renowned international educational institutions and biggest, most advanced hospitals.

Lippo Cikarang's success is rooted in its strategic location between Indonesia's largest cities, greater Jakarta and Bandung – the Cikarang Industrial Corridor – where more than half of Indonesia's light-medium industrial output is manufactured. The corridor nurtures several car and electronic clusters and houses an expansive range of other critical light- to medium-size production facilities. It accounts for up to 50 per cent of domestic light-medium industrial output, making it a primary driver of the country's solid decade of global economic growth.

"Having a good master plan as a township where industry harmonises with community and nature has been a crucial component of that success," says Meow Chong Loh, Lippo Cikarang's president and CEO. "Our sense of accomplishment comes from knowing we develop residences where people can feel at home; commercial areas with a branded image and products that attract customers; and a thriving light-medium industrial park in a township with good infrastructure and growing amenities."

Another factor behind the township's success is Indonesia's largest property developer, Lippo Group. Recognised among the best of its kind locally and across Asia, the Indonesian business leader has grown alongside the country as a steward whose passion and hard work impact the lives of many. The group has a diverse portfolio covering the property, retail, media and education sectors, and has a regional presence in China and several other Asian countries.

Lippo Cikarang's ability to turn roughly 3,000 hectares of land into valuable developments has positioned the township as a pillar of the regional economy, which is expected to flourish further alongside the national growth. As of last year, Lippo Cikarang has allocated prime industrial land to more than 820 factories such as Hankook, Danone Dairy Indonesia and Kia Motors. Amid the relaxed global economic performance, Indonesia maintained a stable gross domestic product growth at 5.7 per cent last year. Mitigation measures made by the government helped in controlling inflation, avoiding asset bubbles and boosting investor confidence in the local market.

These conditions have motivated



Groundbreaking ceremony of the Cikarang Hotel Residence project at Toyota Tsusho Land in Lippo Cikarang.

Lippo Cikarang to step up its efforts as a pillar of the regional economy by adopting a paradigm shift – at the core of which is the township's transformation into a new central business district (CBD) in Cikarang.

## Next urban nexus on the rise

Recognising continued growth within the Cikarang Industrial Corridor – shored up by a vibrant national economy, Lippo Cikarang is shifting its focus from industrial estate development to more and higher profile housing construction and commercial projects. This newly chartered course will allow Lippo Cikarang to support its existing industrial zones and surrounding industrial parks, and accommodate the imminent influx of new residential, commercial and business customers in the region.

"This year marks a paradigm shift for Lippo Cikarang as we formalise our greater focus on commercial and residential developments with the unveiling of our planned central business district," Loh says. "We envision developing a welcoming city centre in the eastern corridor of Jakarta, serving as a hub for greater Jakarta and Bandung. It will be a full-featured urban nexus and positioned as the best place to be outside of Jakarta, offering all business, leisure

and residential conveniences in one place."

Lippo Cikarang started to take the initial steps towards realising its smart and green CBD concept last year, leveraging the expertise it gained from successfully developing and growing a comprehensive industrial township that is acclaimed for its first-rate infrastructure and supporting services and adoption of the world's best practices in terms of green belting, zone planning and traffic calming.

"The CBD will be developed as a smart, green city replete with world-class facilities and amenities to cater to the growing expatriate community in the eastern Jakarta corridor, as well as Indonesia's middle- to high-income market," Loh says. "This would be the flagship large-scale, smart city in the country, serving as the gateway to seven industrial estates in the Bekasi region."

Collaborating with a number of key partners, Lippo Cikarang aims to promote smart living to achieve an environmentally responsive urban surrounding in the new city centre. It will invest in state-of-the-art technologies to sustain a green-concept city and efficiently manage facilities for communications, sewage, water supply, solid waste disposal and security.

Enhancing the attractiveness of

investing in the CBD is the opening of the Jakarta-Cikampek Km 34.7 toll exit and access road in April this year. A joint project between Lippo Cikarang and Jababeka, the toll gate provides an alternative, yet direct route to the CBD and Lippo Cikarang township.

The new city centre's master plan entails the development of a non-industrial, integrated area on a 320-hectare plot next to Lippo Cikarang. The mixed-use superblock is targeted for completion within 15 to 20 years at a total investment cost of between 6 trillion rupiah (HK\$4 billion) and 10 trillion rupiah. In the first phase, Lippo Cikarang will develop 13 hectares of the CBD area that will be operational in the next four to five years.

Residential projects will include high-end apartments and condominiums and Soho properties combining vibrant living and shopping enclaves. Lippo Cikarang plans to launch the first CBD project in the third quarter of this year – the 61-storey Iconic Tower consisting of apartments, commercial offices, hotels and an exhibition centre. "We are open to opportunities for collaboration and strategic alliances to hasten the development of the Cikarang CBD," Loh says.

The city centre will also house modern support facilities, such as shopping malls, restaurants,

hospitals, dormitories and family-friendly spaces, along with rental offices and commercial infrastructure. Loh revealed plans to locate schools within the CBD, including one international school, one Japanese school, a technical training college and a sub-campus of the Pelita Harapan University.

Lippo Cikarang will set up multicultural centres within the planned office towers and multi-use commercial areas to highlight the marriage of modern architecture and traditional heritage. With the aim of "bringing the world" to the CBD, Lippo Cikarang will put up targeted restaurants and entertainment centres specific for Japanese, Korean and Chinese residents and investors – another way of catering to the growing multicultural populace of Cikarang.

Guided by the Indonesian concepts of *aman*, meaning security, and *nyaman*, meaning conducive environment, Lippo Cikarang is unwavering in its commitment to create a secure, conducive environment for its residents, clients and visitors to live, work and play.

## Work, live and play

Living up to its concept of "work, live and play", Lippo Cikarang offers residents, workers and visitors

the experience of a distinctive ambience for every area of the township.

The residential segment, for instance, features luxurious, green and clean landscapes, wide well-lit roads, and finely constructed houses and condominium apartments. Last year, Lippo Cikarang launched a mix of high-rise apartment units and landed houses in a variety of styles, including the Trivium Terrace Apartments, Ambrosia and Acacia Garden Extension.

Recognised for its exceptional projects, Lippo Cikarang received the 2013 Green Property Award for Favourite Residential and Green Transportation from *Housing Estate Magazine*. It was also conferred the 2013 Property Award by *Indonesia Property Magazine*.

The township's commercial area, comprising more than 892 shophouses, also boosted its appeal to local and international guests last year with the opening of the Makino Showroom and the Telaga Seafood Restaurant. Other attractions include the WaterBom Park, the Citywalk and Easton Commercial Center.

Unparalleled by other industrial zones in the region, Lippo Cikarang's commercial division is set to offer a wider selection of small, medium and large commercial spaces, within indoor and outdoor shopping centres.



The new Jakarta-Cikampek Km 34.7 toll gate as a direct access to Lippo Cikarang.



Integrating 'work, live and play', Lippo Cikarang offers its 45,000 residents diverse options among finely constructed houses and condominium apartments that feature luxurious, green and clean landscapes with wide well-lit roads.

# Aggressive, sustainable growth drives business prospects

Indonesia and Lippo Cikarang reflect one another beyond sharing an upbeat outlook. A rich history and an aggressive growth strategy complement a vision to which their citizens and residents aspire: a better quality of life.

"Our greatest contribution to Cikarang and Indonesia in general is the creation of an environment conducive for comfortable, better-quality living," says Lippo Cikarang president and CEO Meow Chong Loh.

This commitment traces back to 1995 when the company started its property development business with high ideals of building a comprehensive township and becoming Indonesia's premier industry, commercial and residential-based urban development.

As part of the reputable and widely diversified Lippo Group, whose core businesses include property and retail, Lippo Cikarang listed on the Indonesia Stock Exchange in 1997. Drawing from the group's in-depth know-how of the country's residential and commercial property landscape, comprehensive experience and far-reaching network, Lippo Cikarang land developed into one of the region's biggest economic drivers.

Fuelled further by the continued influx of foreign investments and the rising Indonesian middle class, the company saw its stock price rise from 376 rupiah (HK\$0.25) to more than 8,000 rupiah per share in the past six years alone.

"We are proud to say that this growth was not based on speculation, but was achieved through the company's rapid transformation – which raised our value," Loh says. "The strong share price demonstrates how Lippo Cikarang has grown into an industrial township with the most complete infrastructure in place."

## Evolving township ushers brighter business prospects

The number of people who work and live along the Cikarang Industrial Corridor continues to grow, drawn by vast employment opportunities within the region's industrial zones and residential estates. To bring together business interests generated

within the corridor and better accommodate its growing population, Lippo Cikarang is investing in more commercial, business and residential projects.

"The light-medium industrial sector continues to be an attractive investment magnet for Indonesia. It is especially apparent in the Cikarang Industrial Corridor, whose proximity to the airport, international port, railway and highway appeals to international and domestic companies," Loh says. "We aim to further open up this area to usher more opportunities for our existing stakeholders, while inviting even more tenants, residents and visitors to enjoy the facilities of Lippo Cikarang and help diversify the community."

## Empowering a green, sustainable community

Alongside Lippo Cikarang's new paradigm is another transformation. What began as the integration of an industrial powerhouse with a dynamic commercial centre and a pleasant neighbourhood through the township's "work, live and play" concept is evolving into so much more: the empowerment of a green, sustainable community.

"The township's success is based largely on a holistic approach to help industrial clients move quickly from idea to realisation," Loh says. "This includes putting in place sufficient infrastructure that ensures our stringent security and eco-friendly

policies allow everyone to experience a safe, clean and enjoyable environment."

Lippo Cikarang strives to match every development in the township with a tangible commitment to support its stakeholders – from daily workers to permanent residents and global investors – in the present and the future.

For instance, together with the successful launch of various residential, commercial and industrial projects last year, Lippo Cikarang has also completed its third water treatment plant. This accomplishment has strengthened the township's capability to channel 100-per-cent treated water via two independent water sources.

Such developments are part of the township's broader corporate social responsibility (CSR) programme, which aims to benefit stakeholders in three major areas: sustainable environmental conservation, social and community development and product responsibility.

A single drive through the township will let anyone see how Lippo Cikarang values the environment. Featuring careful and best-practice zoning in all industrial, commercial and residential areas, it incorporates natural and environmentally sustainable elements in all its developments, town management activities and programmes.

Tree planting has been one of the community's most remarkable

environment-oriented programmes. The township has planted an astounding 91,500 trees as of last year, and continues to target planting 5,000 additional trees annually.

Passing on the virtue to its young residents, Lippo Cikarang has also launched a Mini Nursery programme, wherein tree planting is introduced in a dozen schools within the township.

At the workplace, Lippo Cikarang promotes the Less Paper programme, which aims to increase efficiency while reducing waste by optimising the usage of office supplies and equipment. Throughout the township, the conservation of electricity, water and other resources is also widely encouraged.

At the centre of Lippo Cikarang's social and community development efforts are long-standing relationships with various organisations within and surrounding the township.

"Ranging from sports tournaments to disaster relief and emergency management efforts, our programmes provide a well-rounded approach to adding to community spirit and to community empowerment," Loh says. The community played an active role in helping flood victims in Bekasi last year by providing food, drinks, medicines and other emergency supplies. It also engages in providing clean water to surrounding villages during the dry season, and provides support for the renovation of public facilities.

Stimulating educational activities in neighbouring villages, Lippo

Spurred by a growing demand for mixed-use properties, it also plans to launch more projects such as the Residential Ambrosia Arcade, Cosmo Center and Cosmo Center Extension.

For its industrial district, Lippo Cikarang has found fresh opportunities in providing high value-added services to potential land purchasers, while focusing on the existing industrial clients within the many Lippo Cikarang Delta Industrial Zones. Leveraging its experience and ability to provide land and building, document processing assistance and logistics, the township is able to give potential buyers a convenient and speedy operational start-up.

This advantage was demonstrated at the grand launch of the 5.2-hectare Japanese SMEs Center, which was able to be fully operational soon after the facility's completion. The ready-to-use facility was especially developed for local and global small and medium enterprises. While supporting the smaller yet necessary operations within the automotive cluster in the region, it is projected to pave the way for interested businesses in other sectors.

"This project highlights Lippo Cikarang's commitment to turnkey operations, with entrepreneurs able to move in and operate – on the same day," Loh says. "With a land bank and a wealth of construction know-how to draw upon, domestic and international companies can take advantage of our strong infrastructure for light-medium industry within all of the 5 Delta Industrial Estates."

Launched in partnership with Tokyo-headquartered telecoms leader Forval, the centre is envisioned to help Japanese investors of all sizes to develop their business in Indonesia.

Since it opened, the centre has already welcomed seven companies, including key industry players Summit Electrical Steel Processing, Katsuyamaseiki KKB, Kobayu Trading Indonesia, Tsujikawa and Nihon Haken.

"Mirroring the kind of synergy and dynamism that Lippo Cikarang represents, the Japanese SMEs Center is set to open more doors for business and investment for Japanese entrepreneurs seeking a vibrant, sustainable region," Loh says. "We are also thrilled to see how it grows to contribute further to Indonesia's economy."

Last year also witnessed the opening of Hankook Tire Indonesia and the development of smaller multifunction structures combining office, shop-house and storage facilities within the Delta Commercial Park.

"As Lippo Cikarang moves through a new paradigm towards a role as a central business district, the industrial division will continue to ensure that existing clients get the maximum benefit from the strategic development of existing industrial areas, as well as the support of Lippo Cikarang's residential and commercial complexes," Loh says.

"The division will continue to offer industrial land with exceptional value-added features for domestic and overseas investors who seek to benefit from Indonesia's continuing economic growth."



Lagoon Arcade, a lakeside food and beverage complex located at the green area of Lippo Cikarang.



## SPECIAL REPORT: JAPAN COUNTRY REPORT

# Alps Electric caters to global players, strengthens R&D capabilities in China

Car navigation systems able to receive signals from multiple global navigation satellite systems, capacitive trackpads that distinguish five finger points and reject inputs from large objects such as a palm, wearable diagnostic systems and walk detection radar systems for the elderly that do not invade their privacy – these are upcoming innovations in the car, consumer electronics and health care industries. Developed by Alps Electric, the products combine input, sensor and connectivity technologies that have driven the company's success over the past 60 years.

"Right, unique and green – these are the three key words in our product development," says Toshihiro Kuriyama, Alps Electric president. "Individual market requirements are different, but the basic technology of the products is the same."

A preferred technology partner of top-tier manufacturers in the car and consumer electronics industries, the company is strengthening overseas research and development (R&D) capabilities, especially in China.

It opened its Wuxi R&D Center in December last year to enable the local development and design of camera actuators, connectors, input devices and other components that

Chinese manufacturers need for high-end smartphones. Aside from enhancing technical support for smartphone manufacturers, the Wuxi R&D Center aims to participate in the Chinese government's "Wulianwang" social infrastructure project by introducing advanced sensor systems and communications modules.

Alps has design teams for the car industry at its Dalian R&D Center. Alpine Electronics, a group company, has an equity stake in Neusoft, which is based in Shenyang and is the largest software solutions and services provider in China. Another R&D facility in Shanghai spurs product development of connectivity technology such as software and evaluates solutions.

Meanwhile, affiliates in North America specialise in advanced human-machine interface products such as touch panels and capacitive trackpads. European units develop steering modules, power window switches, keyless entry systems and other in-car modules for premium global car brands.

The engineering team in Japan takes the lead in developing new applications for health care and energy saving. Alps expects robust prospects in these sectors for Japan and China.


The company also keeps its fully automated production of application-specific integrated circuits mainly in Japan to ensure consistent quality for orders that run into several million units per month. Alps is the main supplier of smartphone switches globally.


"We are the company that caters to the global players," Kuriyama says. "Our achievements and history have led all of our customers to trust us."





*Our achievements and history have led all of our customers to trust us*


Toshihiro Kuriyama  
President, Alps Electric

  
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# Kagome cultivates healthy, innovative flavours for Asian palates

When Kagome founder Ichitaro Kanie grew Japan's first tomatoes in 1899, he reaped more than a new crop variety; he cultivated a healthy, flavourful and revolutionary food that provides nourishment and sustainable livelihood in Japan.

More than a century later, Kagome has grown vertically integrated – from seed management to cultivation, ingredient processing, manufacturing, marketing and sales. In addition to selecting the finest from 7,500 tomato varieties to suit its range of juices, sauces and condiments, Kagome develops patented varieties, such as its LYLCO brand tomatoes that boast two to three times the lycopene content of regular variants.

"We created the tomato condiments market in Japan 110 years ago; 30 years later, we introduced the tomato juice," says Hidenori Nishi, Kagome chairman. "Today, Kagome commands more than half of Japan's vegetable juice market valued at nearly US\$1.5 billion. We take great

pride in paving the way for healthier lifestyles."

The company has also mapped various one-of-a-kind tomato flavour profiles to match diverse consumer tastes. This provided Kagome the edge to venture overseas, initially in Taiwan where it has grown a following of health-conscious consumers for 45 years.

Kagome's food and beverage products are sold in more than 50 regions, including Thailand, Hong Kong and the mainland, where the company will establish a condiments factory in Tianjin this year to supply food service industries worldwide.

Kagome welcomes interested distributors and food-related businesses, including restaurants and bakeries seeking to add new flavours to their menus. It also looks forward to collaborative projects with clients and like-minded partners aiming to make a difference with healthy, sustainable products.

"Creating shared value is vital to our vision of making a mark globally

– from making nutritious products, to supporting local farmers and imparting know-how to agriculture-oriented countries such as Myanmar and India," Nishi says. "Kagome will grow only if it supports the growth of society as a whole."



Hidenori Nishi,  
chairman

# Daishin Chemical leads with blend of experience, innovation

Achieving the perfect blend of products may be a long-term goal for most manufacturers, but for Japan's top solvent manufacturer Daishin Chemical, it is a daily affair.

Daishin produces 25,000 varieties of organic solvent from about 300 different base ingredients using specialised blending equipment and automated production systems. It turns out batches as small as a single 18-litre can and delivers as fast as the next day – an edge crucial to clients handling potent, delicate chemicals to make diverse products, from paints and coatings to automotives, electronics, pharmaceuticals and food packaging.

"Quality, customisability, cost efficiency and fast delivery – honed

over 60 years of history in Japan by acquiring various knowledge and expertise – distinguish Daishin," says president Hisaki Sugiura. "It is, however, our dedication to safety and customer satisfaction that has earned the trust and repeat business from world-renowned brands."

Daishin's competitive strengths are complemented by an extensive sales network of 800 distributors, which help translate market feedback into continuously improved products and services. Among the company's innovations are eco-friendly products such as toluene-free solutions used in food packaging applications.

The company also collaborates with the car industry, whose recyclable by-products are processed as Daishin's raw materials instead of going to waste. Most of the finished products are then delivered back to companies such as Toyota.

Apart from recycling materials, Daishin buys about 30 per cent of its

raw materials from China and less than 10 per cent from South Korea. It provides solvents mostly to Japanese companies, but welcomes opportunities for overseas business expansion with potential partners who are interested in its know-how.

"We look forward to working with companies seeking not only a supplier that can bring high-quality products, but a reliable partner with the right combination of know-how and expertise that they can grow with," Sugiura says.



Hisaki Sugiura, president

# Environmental sensors promote green business

DKK-TOA Corporation has been a specialised manufacturer of diversified analytical instruments for laboratories, drinking water and wastewater treatment, environmental conservation and process control in various industries since it was founded in 1945.

Areas with high industrial activity experience a continuing deterioration of air and water quality that, if left unaddressed, could prove detrimental to the population. Putting the spotlight on ecological accountability, DKK-TOA engineers air and water monitoring instruments to help companies implement environmentally friendly business practices that can make the world a much safer place. Green stewardship is at the heart of DKK-TOA's business. Celebrating its 70th anniversary this year, the company strengthens the development of environmental measuring instruments based on its own sensor technologies.

To continuously develop cutting-edge products, DKK-TOA works with



Teruo Sasaki, president

United States-based Hach Company, a leader in the analytical instrument field. The two companies have been collaborating for almost a decade, embarking on joint research and development projects. One product of the collaboration with Hach China is a heavy metal analyser.

The partnership also allows DKK-TOA to market Hach products

under DKK-TOA in Japan, and Hach to market DKK-TOA products outside Japan. This strategy enables both companies to leverage each other's sales networks. Hach China also helps DKK-TOA reach the Chinese market and obtain product approvals from the Ministry of Environmental Protection. With the help of Hach China, DKK-TOA has sought approval for the FPM-377 Particulate Analyzer, a device that monitors fine and coarse particulate matter measuring 2.5 micrometres (PM2.5). Minute PM2.5 dust can cause cardiopulmonary diseases and respiratory infections.

Aside from China, DKK-TOA plans to grow its business through distributors in Thailand, Indonesia, Singapore and India to fulfil its vision of becoming a global company.

Judging by its 55 consecutive months of profits, many companies trust in DKK-TOA. "Our customers are our top priority," says president Teruo Sasaki. "It is very difficult to grow continuously if you do not try to please customers."

# Flour expert Nippon delivers modern food products to Asia

As the first industrial flour milling company in Japan to introduce modern machinery, Nippon Flour Mills (Nippon) was instrumental in developing the country's food culture by promoting wheat-based cuisine since 1896. More than a century later, Nippon continues to produce high-quality and tasty food products as it expands into processed food such as frozen food that meet today's consumption demands.

Changing tastes and lifestyles propelled Nippon to evolve into an extensive food enterprise generating a range of wheat product derivatives. Apart from keeping its flour milling operations at its core, Nippon is reinforcing its premix line – a consistent top-seller among institutional customers for the premix's quality and taste. In addition, Nippon also develops products with the individual consumer in mind. Led by its flagship brand Oh my, Nippon



Hiroshi Sawada,  
chairman and CEO

produces and distributes a variety of food such as frozen food, pasta items and other products.

"We balance consumer-conscious product development with changing tastes in food and responsible market expansion to stay

at the forefront of the food industry," says Hiroshi Sawada, chairman and CEO. "Our research and development team is in constant pursuit of modern-day food and health possibilities."

Nippon identifies business diversification as key to its success in Japan and abroad. Driven by the desire to maximise customer satisfaction and to contribute to society, Nippon ventures into the health care and pet food sectors.

Expanding its reach in Asia, Nippon opened an office in Indonesia. Its subsidiaries in Thailand and China support clients moving out of Japan and into each market.

"Our target is to expand our overseas business," Sawada says. "Applying our technology expertise and sales strengths in our grain and wheat flour businesses, we will develop new enterprises and products to continually grow and be relevant in today's markets."

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SPECIAL REPORT: JAPAN COUNTRY REPORT

Astellas gives patients hope with drug discoveries

Astellas Pharma, a global pharmaceutical company headquartered in Tokyo and driven by a strong commitment to research and development (R&D), exhibits special dedication to its business philosophy. It lives and breathes its mission of improving the health of people around the world through the provision of innovative and reliable pharmaceutical products. The company was born out of a merger in 2005 between two Japanese pharmaceutical companies – Yamanouchi Pharmaceutical and Fujisawa Pharmaceutical. It was an integration that combined more than two centuries of pharmaceutical expertise and history.

Since the merger, Astellas has led important breakthroughs in the medical field by combining its high R&D capabilities with its true passion for patients. Throughout this, the key word has been “innovation”.

“Innovation is the source of our growth,” says Yoshihiko Hatanaka, president and CEO of Astellas. “By predicting future environmental changes and using our high R&D competencies, we have dedicated our efforts to innovative high value-added drug discovery. We’ve made steady progress globally by accelerating the development of pipeline medicines and continuously introducing innovative products to the market.”

Innovation’s role in business operations

Astellas commits itself to proprietary ethical pharmaceutical business. In particular, the company focuses on innovative drug discovery in areas where unmet medical needs exist and where growth can be expected through innovation. Generic drugs or over-the-counter, non-prescription medications are beyond Astellas’ business scope.

To engage in its core business, Astellas has been consistently pursuing its global category leader (GCL) business model since the merger. Through such a strategy, the company has been establishing a competitive advantage as a market leader in creating innovative high

value-added drugs. The company then delivers them globally by focusing on selected multiple therapeutic areas or categories where a high degree of medical needs remain unsatisfied.

Astellas has established its position as a GCL in urology and transplants, and has committed its resources to also becoming a GCL in the field of oncology. Other future GCL areas include immunology and infectious diseases, neuroscience, diabetes mellitus complications and kidney diseases.

“We’re building our competitive advantage by focusing our assets, know-how and technology on these fields,” Hatanaka says. “Our competitive strength lies in our network of R&D, marketing and sales, and key opinion leaders strongly built based on our capabilities for the GCL business model.”

Such an approach has made it possible for the company to create new innovative drugs. With the GCL model serving as its key success driver, Astellas has been able to achieve sustainable growth and resiliently respond to environmental and market changes.

Expanding global business

True enough, the adoption of the business model has paid off as the company has grown steadily in the past several years. Today, Astellas is the second-largest pharmaceutical company for proprietary ethical drugs in Japan, which is the second-biggest pharmaceutical market in the world besides the United States. Globally, Astellas ranks as one of the top 20 pharmaceutical companies.

The Astellas Group has about 18,000 employees on a global basis. The company has been expanding its business globally from Japan to the Americas and Europe with its own distribution channels in about 50 countries around the world. These channels are driven by a sales force of about 6,300 medical representatives (MRs).

Astellas has a well-balanced global business spanning Japan, the Americas and Europe and wants to deliver its innovative high value-

added drugs broadly to patients around the world. The company is expanding its business in the Asia and Oceania regions under the same concept. Astellas has achieved high double-digit growth rates across these regions. In July last year, Astellas set up a sales affiliate in Singapore to support its expansion in the area by securing distribution channels in Singapore, Malaysia and Brunei. This enabled Astellas to consolidate its business expansion with 10 sales subsidiaries in the Asia and Oceania regions.

By predicting future environmental changes and using our high R&D competencies, we have dedicated our efforts to innovative high value-added drug discovery

Yoshihiko Hatanaka  
President and CEO, Astellas

“China is the centre of our regional market expansion,” Hatanaka says. “It accounts for about half of our total sales in the Asia and Oceania regions, driven by a sales force of about 720 MRs. We’ll capture this market opportunity through the expanded marketing of our global products. We would also like to build a comprehensive strategy, which includes strengthening regional R&D capabilities in the future in the Asia and Oceania regions.”

In the two established GCL areas, immunosuppressant Prograf is a mainstay product in the transplantation franchise. Vesicare and Betanis/Myrbetriq/BETMIGA, which are treatments for an overactive bladder (OAB), are

contributing to the growth of the OAB franchise in the urology area. With its generic name solifenacin, Vesicare has created a worldwide success as a reliable treatment for OAB. With its generic name mirabegron, Betanis/Myrbetriq/BETMIGA is Astellas’ driving force to further become an established GCL in the area of urology.

Establishing oncology as third GCL

Astellas is also gaining traction in cancer treatment. “We would like to establish our business platforms, especially for oncology as our third GCL domain,” Hatanaka says. “We’ve been actively investing in this area since we declared our intention to enter this field in 2006.”

The company’s key to building a leading position in the field of oncology lies in its latest prostate cancer treatment, XTANDI. Because XTANDI is an anti-cancer agent in the therapeutic area of urology, where Astellas commands a strong position, the company expects to achieve beneficial synergies with this existing business.

XTANDI was launched in September 2012 in the US, in July last year in Britain and in Japan last May for the indication of metastatic castration-resistant prostate cancer in patients who have previously received docetaxel chemotherapy. The drug has been introduced in more than 20 countries under the XTANDI brand. The company is strengthening its oncology franchise by expanding the drug’s indications or treatment coverage.

Ensuring sustained growth

“We see promising growth in the global pharmaceutical market in the future,” Hatanaka says. “While medical needs are continuously increasing globally, the innovative drug review system is improving in each country.”

Among the strongest drivers of industry growth, however, is the increasing value placed by governments and health care institutions worldwide on the concept of “breakthrough therapy



designation”. It is a process designed to expedite the development and review of innovative drugs that are intended to treat a serious or life-threatening disease or symptom. To be considered under such designation, the drug must demonstrate preliminary clinical evidence indicating it brings substantial improvement over available therapy.

To capture this forecast global expansion in the pharmaceutical industry, Astellas will pursue its GCL strategy and has committed to achieve sustainable expansion into the future. For its sustainable growth, the company is focused on three strategic challenges – maximising the value of new innovative products, enhancing innovation and pursuing operational excellence.

The first challenge of maximising the value of new innovative products comes about as the company tries to offset the effects of the so-called patent cliff. As Astellas focuses on the innovative drug business, it will likely face a decline in sales after the patent expiration of some of its products. Astellas heads this off by committing to maximise the value of its new innovative products with a focus on its future growth drivers. These medications include XTANDI in the oncology franchise and Vesicare and Betanis/Myrbetriq/BETMIGA in the OAB franchise in urology.

The second challenge is enhancing innovation. “We have re-examined the allocation of R&D resources and have been reshaping our research framework since last year as a part of this challenge,” Hatanaka says. “We have, for example, started a new research management system last April. This strategy includes strengthening the authority and responsibility in each therapeutic area to enhance the autonomy and agility of each unit. This is to actively leverage more external innovation, utilising more of its capabilities and resources.”

The third challenge is pursuing operational excellence. Astellas is accelerating its initiatives aiming to build the organisation and structure to resiliently respond to environmental changes. As one of its achievements, the company has improved its global pharmacovigilance or drug safety structure by establishing its Global Pharmacovigilance Excellence Program. The move ensures compliance with regulatory requirements in each country and organically integrates the process under the control of the chief medical officer.

Passionate about changing tomorrow

Astellas, however, recognises that small things matter as much as its

big initiatives. With a management based on corporate social responsibility, the company has supported many activities that give patients and their families courage in battling illnesses. These projects include funding for patient groups, peer support training programmes and web-based information services.

Astellas has adopted the communication slogan, “Changing tomorrow”, reflecting its desire to help each patient by continuously creating innovative drugs. Named after this slogan, the “Changing Tomorrow Day” is Astellas’ group-wide effort to contribute to local communities. For example, last year, employees from the Kurume sales office in Japan interacted with people in aged care facilities by cleaning the premises and assisting in recreational activities such as origami and singing children’s songs. In China, Astellas’ employees take time to discuss the importance of medicines with grade school students.

“Patients are at the frontline of our business, and we deliver the progress of science by transforming it into values that will benefit them,” Hatanaka says. “Although this may sound natural and nothing new, we make sure our employees never forget that all our efforts are for the patients. This is the value we rely on every day.”

Haruyama changes business wear with innovative technology

Fusing classic and elegant style with innovative manufacturing techniques, Haruyama Trading creates an affordable luxury for today’s working class with ingenious and functional business apparel.

Haruyama began as an importer of European fabrics tailored to the specifications of the Japanese market. “The Japanese are known for arranging details and developing new improvements,” says president Masashi Haruyama. “This is reflected in our apparels and accessories.”

Fabricating one-of-a-kind ideas

for 40 years, Haruyama has 373 outlets across Japan. It sells men’s suits, jackets, slacks, formal shirts and accessories, and a small range of women’s wear and accessories. Sales remain robust, from 51.53 billion yen (HK\$3.9 billion) in 2012 to 52.37 billion yen last year.

Known for its excellent service, Haruyama provided the uniforms of the Japanese national team at the 2008 Beijing Olympics. It showcased its bestselling i-shirt, which has cooling properties, is quick-drying, stretchable and non-iron. “The quality across the board is very high

in Japan, and we make sure to accommodate every detailed request,” Haruyama says. “As a result, we have already sold more than 500,000 i-shirts.”

Keeping customers in mind, Haruyama has developed market-leading products. It designed a machine-washable suit to save on dry cleaning bills. Its lightweight suit made from stretchable fabric can be worn even while playing golf. Those who are on the go will benefit from Haruyama’s impact-absorbing and weight-relieving business shoes. For anime fanatics, last year it launched collaborative formal wear and accessories themed after Evangelion and JoJo’s Bizarre Adventure.

To meet the increasing demand for formal shirts in China, Haruyama opened four overseas stores in Shanghai, Nanjing and Jiangsu. With more than 200 established relationships with contracted factories in Asia, it targets Singapore, Indonesia, Taiwan, Malaysia and Vietnam for its future offerings and is open to partnerships to make this happen.

“We will continuously create high-quality products that reflect our customers’ diverse tastes and changing lifestyles at reasonable prices,” Haruyama says.



Masashi Haruyama, president

Leading papermaker pursues mainland and Asian expansion

After 107 years of growth to become one of the largest paper manufacturers in Japan, Hokuetsu Kishu Paper (HKP) has set its sights on China and Southeast Asia.

Allocating 30 per cent of its production for export to Asia, Oceania and the United States, HKP has begun manufacturing overseas with the completion of its Jiangmen Xinghui Paper Mill in Guangdong.

“We are real leaders in paper-making technology,” says Sekio Kishimoto, president and CEO. “We are confident that we will succeed in China because of the high-quality standards of our technology.”

HKP’s mill in Jiangmen produces white paperboard for packaging purposes with a capacity of 300,000 tonnes per year. The mill will begin full-scale operations next month, with 80 per cent of its products to be used by Guangdong’s packaging industries. The province consumes more than 3 million tonnes of white

paperboard, which is about three times Japan’s total production. HKP will also be exporting 20 per cent of the mill’s products.

HKP also manufactures large quantities of paper in Japan, enabling it to maintain a steady supply of quality products that

contribute to the country’s paper media culture, which embraces reading materials such as books and magazines. Cutting-edge technology and operational efficiency, particularly in implementing energy-efficient manufacturing techniques, have allowed the company to increase its output by 42 per cent and double its market share in Japan between 2007 and 2013.

As it continues to grow organically, HKP welcomes potential mergers and acquisitions in the speciality paper and processing sector as part of its global strategy. The company is also open to partnerships with companies to build or operate a speciality paper mill and invest in developing economies across Asia.

“As a global company, we are keen on expanding in Asia,” Kishimoto says. “In terms of globalisation, we are the industry leader in Japan.”



Sekio Kishimoto,  
president and CEO

Advertisement for Aichi Scissor Lift & Boom Lift. The ad features two images of the lifts: a scissor lift labeled 'SKYTOWER SVO6DNS' with a platform capacity of 230kg and height of 5.8m, and a boom lift labeled 'SKYMASTER SPI4CJM' with a platform capacity of 250kg and height of 13.9m. The Aichi logo is at the top right, and the website www.aichi-corp.jp is at the bottom.

Advertisement for Yuki-Gosei. The ad features a woman holding a product, with the text 'YUKI-GOSEI LOOKING AHEAD TO THE AFFLUENT AND SUSTAINABLE FUTURE'. Below this, it lists product categories: Pharmaceuticals, Food Additives, Industrial chemicals, and Agrochemicals. The website http://www.yuki-gosei.co.jp/ is provided.

Advertisement for Xinghui Paper Mill. The ad features a large image of the mill's interior, showing rows of paper rolls. The Xinghui logo is at the bottom left, and the company name 'Jiangmen Xinghui Paper Mill Co., Ltd.' is at the bottom right, along with contact information.

Advertisement for Japanese High Technology & Quality iShirt. The ad features a white polo shirt. Text includes 'Japanese High Technology & Quality', 'iShirt', and 'No iron', 'Sweat-Absorbing & Quick-Drying', 'Stretch'. It also mentions 'Online Shopping' and provides the website http://www.haruyama.co.jp/.

Advertisement for HAKUDO High Spec series. The ad features the HAKUDO logo and text: 'High Spec series', 'Hakudo original Aluminum Plate', 'Improved its thickness tolerance and flatness according to JIS standards.' It lists benefits: Improved manufacturing process, Excellent hot rolling technique, and Original annealing technique. It also lists product codes: A5052P, A2017P, A6061P, A5083P.

Advertisement for MARUKO. The ad features a woman in a bikini. Text includes 'Product development for creating the ultimate beauty', 'MARUKO', 'MARUKO CO.,LTD.', and contact information: URL: http://www.maruko.com, TEL: +81-06-6233-5000, ADD: 2-9 Kawara-machi 2-chome, Chuo-ku, Osaka-shi, Japan.



## SPECIAL REPORT: JAPAN COUNTRY REPORT

## Horizon brings printed text to the digital age



Eijiro Hori, president

Centuries have passed since the invention of the printing press, but its effects on civilisation remain evident in the digital age. Printed materials, such as books, spur widespread circulation of information and ideas that help revolutionise the modern world.

Horizon International is an important component in the information chain as it manufactures innovative post-press equipment to meet the needs of print service providers.

When Hachiro Hori established Horizon in 1946, it initially manufactured tabletop

binding machines and sold these through trading companies. Moving from an original equipment manufacturer business model to a direct sales approach, Horizon has expanded its product portfolio to serve broader market requirements.

Celebrating its 68th anniversary this year, Horizon offers intelligent automated machines for paper finishing operations such as folding, collating, binding, stitching and cutting.

As the proliferation of digital publications threatens the printing industry, and in turn the company's future growth, Horizon attends global exhibitions to

learn how to adapt to new trends and deliver relevant solutions.

The company also established a subsidiary in Germany, the home of the first movable type printing press, to stay in tune with cutting-edge technologies.

"Gutenberg was a big inventor because he made innovative changes for information transfer," says Horizon's president Eijiro Hori. "We are facing a similar environment change because of the internet. It is changing our industry and if we don't do anything, our company's growth will be affected."

Horizon sees great growth opportunities

in integrating its post-finishing technologies into digital printers. The company provides an internet book retailer with bookbinding machines, enabling it to print and bind books on demand. Horizon provided the ideal solution for high-mix and low-volume production. By working with Horizon and employing the on-demand model, the internet book retailer saves on storage costs.

Outside Japan, mature markets such as the United States and Europe are important regions for Horizon. The Asian region, particularly China, is another promising area for Horizon to achieve its goal of

becoming the No 1 company providing post-finishing solutions.

Horizon relies on the support of distributors in Beijing, Shanghai, Shenzhen and Hong Kong to grow its market share in China. As one of the world's production capitals, China will immensely benefit from Horizon's intelligent automated machines as they offer greater efficiency and labour cost savings.

"Asia is a little bit behind on digital printing," Eijiro Hori says. "They are still using offset printing machines. We want to offer our solutions for both offset and digital printing to advance the industry."

## Tokyu Fudosan spearheads transformation towards 2020 Olympic Games

The much-anticipated 2020 Olympic Games are set to showcase Japan's transformation since the country first hosted the international sporting event in 1964. Much like athletes training to earn the Olympic gold, various industry champions are gearing up to develop and redevelop Japan's urban landscape in time for the influx of global guests – and among the frontrunners is property developer Tokyu Fudosan Holdings Corporation.

Tokyu Fudosan enjoys a proven track record particularly in the Tokyo metropolitan area, covering a wide-ranging business domain – from residential, office, commercial and senior-oriented spaces to retail, agency, and management and renovation sectors. Spearheading the Shibuya Station area redevelopment and Ginza 5-Chome construction projects, it is confident that its large-scale developments in the run-up to the Olympics will translate into real appeal for investors and tourists alike.

"We take pride in making significant contributions to the revitalisation of Tokyo and Japan as a whole," says Kanazashi Kiyoshi, Tokyu Fudosan president and representative director. "One of our most important priorities ahead of the Olympics is to turn Tokyo into a city people want to visit. We believe improving these strategic areas will



*One of our most important priorities ahead of the Olympics is to turn Tokyo into a city people want to visit*

Kanazashi Kiyoshi  
President and representative director,  
Tokyu Fudosan

help make the city more appealing and highly entertaining."

Beyond 2020, Tokyu Fudosan is also committed to helping Japan address bigger challenges such as a budget deficit and a declining population due to ageing demographics and dwindling birth

rates. In confronting these issues, the company believes it is important to make Tokyo a truly globalised city.

"To do that, we intend to push ahead with development, particularly in central parts of Tokyo, and to focus our attention on resolving social issues through our operations," Kiyoshi says. "The key is building on and keeping our customers' trust by seeing through their point of view, while constantly making value-added innovations."

Tokyu Fudosan marked its 60th anniversary in December with a renewed promise to keep its "enterprising challenging spirit" alive by continuing to provide high-quality products and services in line with the changing times and shifting customer needs, focusing primarily on aspects of everyday life.

"In response to the rapidly changing business environment and increasingly diverse customer needs, we will continue providing our customers the value they require through the combined strengths of Tokyu Fudosan and all of our group companies," Kiyoshi says. "Making the most of our wide-ranging business domain as a comprehensive real estate group, we are determined to strengthen our value chain further through group-wide collaboration – so that we can become customers' company of choice."

## Ascot Corp fuses traditional aesthetics with modern living spaces

Residential construction in Japan, particularly the development of condominiums, has never been as robust as it is today. In Tokyo alone, some 35,357 units were sold last year, an increase of almost 16 per cent over the same period in 2012, according to the Land Institute of Japan. Ascot Corp, one of Japan's premier real estate developers, aims to leverage its expertise in constructing high-value properties to direct investor interest to many promising development areas in the country.

"We are confident that we can contribute to the community development in Tokyo as the city attracts attention globally," says CEO Kagaya Shinji.

The condominiums developed by Ascot Corp reflect the perfect balance of traditional and modern aesthetics. In its developments in the Nihombashi and Asakusa districts of Tokyo, Ascot Corp incorporates designs and images from the Edo period, an era characterised by elegance and refinement, in the exteriors and entrances of the condominiums.

"Ascot Corp is capable of provisioning condominiums that are original and with high livability levels," Shinji says.

Capitalising on the natural magnificence of the Japanese landscape, Ascot Corp designs its properties to showcase the surroundings. In its MEW property,

5-metre ceilings and wide windows are installed in the bayside units to beautifully frame Tokyo Bay and the Rainbow Bridge. Ascot Corp goes the extra mile in ensuring that residents live in homes with a pleasant and relaxing atmosphere.

Similar to the MEW property, AscotPark Tokyo Riverside showcases the picturesque vista of a river. There are no other buildings fronting the condominium, giving residents an unhampered view of nature. Ascot Corp tapped spatial designer Ryu Kosaka to lend his architectural flair in designing the exteriors and entrance of the condominium.

While its focus is Japanese



Kagaya Shinji, CEO

developments, Ascot Corp plans on expanding to other parts of Asia. "We hope to provide original living spaces that enrich people's lives in Japan and other Asian countries," Shinji says.

## Monex redefines online trading with global, multimarket access

A trailblazer in online trading – from creating the original night-time trading platform to providing the first 100-currency-denominated World Bank Notes – Monex Group is now paving the way for seamless global, multimarket trading.

"In much the same way as online trading has enabled even the smallest retail investor to take charge of his portfolio, Monex envisions further

empowering investors to directly trade across multiple stock markets around the globe," says Oki Matsumoto, chairman and CEO.

The group is the only broker with a strong retail client based in Japan (Monex), the United States (TradeStation) and Hong Kong (Monex Boom Securities). Monex Boom in Hong Kong enables clients to trade across 12 countries in Asia-Pacific and the US in 15 stock exchanges. Monex Boom allows as many as six types of currencies in one stock trading account and automatically converts investors' money into the settlement currency after trade – eliminating the need for prior conversion.

"Once completed, our enhanced in-house developed global infrastructure will equip retail investors to transcend even more geographic borders through a single

Oki Matsumoto,  
chairman and CEO

platform," Matsumoto says. Monex pursues its aspiration as a global technology-based retail financial service provider through mergers and acquisitions. It also invests in joint ventures in key markets such as the

mainland and Asia-Pacific. This year, Monex has partnered with South Korea's second-largest broker, Shinhan Financial Group, which will use TradeStation's technology to boost its services.

Monex is open to similar exchanges of values and local know-how with partners maintaining wide retail client bases. It welcomes brokers, banks and other institutions such as telecommunications companies, which aim to integrate online trading in their offerings.

"We bring to every relationship our expertise in the world's most broadly developed capital markets and specialised technologies cultivated throughout the years," Matsumoto says. "We aim to unite these advantages with the strengths of potential partners also seeking to provide their clients value-added service."

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## Aichi's breakthrough technologies hoist work platform standards

Before aerial work platforms became indispensable tools, elevated work areas could only be accessed through scaffolding or crane-supported man baskets, which posed significant risks when working at height. Committed to improving job site methods, Aichi Corporation continuously hones its expertise in highly specialised mechanised vehicles by creating efficient and innovative equipment tailored to industry requirements and safety standards.

Aichi, established in 1962, is a subsidiary of Toyota Industries, the world leader in materials handling. It has since emerged as Japan's leading manufacturer of special purpose vehicles for electric power industries, telecommunications, construction and infrastructure-related industries, commanding 70 per cent market share for



Kimpei Mitsuya, president

truck-mounted vehicles and 82 per cent for self-propelled vehicles.

A problem-solving partner, Aichi ensures that its products are in tune with customers' needs. "We conduct worksite visits and create new

construction methods together with our customers," says Kimpei Mitsuya, president. "We aim for zero worksite disaster and strive to increase work safety and efficiency."

Aichi continuously advocates eco-friendly products by CO<sub>2</sub> reduction. The company promotes electrification efficiency through vehicle digitalisation and leverages its parent firm's cutting-edge hybrid technology.

Having a 31-per-cent market share for truck-mounted vehicles in China, Aichi seeks further growth on the mainland. The company has a joint venture operation and a manufacturing plant for building self-propelled lifts located in Hangzhou.

"We will communicate with local partners to help us generate new construction methods while keeping up with industry trends," says Osamu Miura, senior managing director.

## Kobayashi Metals invites suppliers of industrial fasteners

Dealing with more than 100,000 types of industrial fasteners, Kobayashi Metals is Japan's largest importer and supplier of nuts, bolts and screws. For 88 years, the company has supported Japan's industrial growth by catering to myriad sectors from civil and residential construction to heavy equipment and vehicle manufacturing.

"By offering complete product sets, we save our customers the trouble of sourcing individual parts from many different suppliers," says Toshiyuki Higaki, president of Kobayashi Metals. "They also do not need to keep their own inventories because we can supply them with what they need, exactly when they need it."

Kobayashi Metals is Japan's only listed company that extensively imports industrial fasteners. With the help of offices in Hong Kong

and Shanghai, which handle shipping and product testing to ensure global standards, the company maintains a network of large international suppliers.

The company complements this strong sourcing base with a broad domestic distribution network. Such is comprised by many branch offices nationwide spanning from Kyushu in the south to Sapporo in the north.

Kobayashi Metals continues to expand its product offering. Early in 2012, the company acquired Nakasho Machine, distributor of machine tools such as power wrenches and drills. This line complements the company's portfolio, which includes hardware for concrete products.

To maintain industry leadership, Kobayashi Metals will build a warehouse in China next year.



Toshiyuki Higaki, president

Focused on expanding its product line and supplier network, the facility will accommodate items coming from other Asian manufacturers. The company will especially focus on smaller or mid-sized companies from the mainland and Taiwan.

"We welcome manufacturers from Asia to join our growing base of international suppliers," Higaki says. "Having the strongest distribution network in Japan makes us an ideal pipeline for their products coming into the country."

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## SPECIAL REPORT: JAPAN COUNTRY REPORT

# Nissei Build Kogyo creates space-saving parking systems

Parking convenience and safety issues are steadily rising in Asia as emerging economies charge to business and infrastructure development. Providing valuable space and efficiency with its automated parking systems and prefabricated houses, Nissei Build Kogyo is creating next-generation space management solutions that add value to residential, commercial and production sites.

Nissei has been developing structure systems with proprietary technology since its establishment in 1961. It is the only prefabricated house manufacturer in Japan that produces its own building materials, including roof panels and lightweight steel

frames. It is also the only company in the country that produces turntables featuring forward loading and unloading capabilities for car parks, and its facilities can service electric cars. Its vehicle lift technology is now regarded as a standard in tower-type parking structures.

Compared to traditional parking garages, automated car park systems can be more cost-effective, as they require less building volume and less ground area than conventional facilities. From a three-car parking lot, Nissei is able to transform the area into a 36-car parking space and efficiently manage costs and maintenance requirements. Its standardised construction method ensures a quick turnaround, as Nissei assembles

high-quality, company-manufactured materials on site. This method reduces workload and improves work safety.

"We always aim to provide comprehensive support – from development, manufacturing and construction to after-sales services," says Atsuhiko Morioka, president. "Nissei Build Kogyo will dedicate every effort to developing our company to meet today's demands for a socially valuable enterprise."

Vehicle demand in China is forecast to grow 8 to 10 per cent this year, largely driven by steady personal income growth combined with falling vehicle prices. As the number of cars increases, Nissei is enhancing its core competencies and strengthening its footprint on the mainland and in other

similar markets, particularly in Thailand and Malaysia. It has entered into a joint venture with a local Chinese company and operates a two-storey parking system for the Fudan University Shanghai Cancer Center. It continues to showcase its various tower parking systems in Bangkok, Singapore, Taiwan and South Korea.

"Our joint venture experience in Shanghai allowed us to focus more on operating parking spaces, aside from selling the systems," Morioka says. "We also reach out to government people and architects, offering our know-how in solving parking problems. With the high cost of land, our towers and parking solutions can save a lot of floor space and improve the safety of parking lots."



Atsuhiko Morioka, president

# Nikkato drives ceramics innovation to build industries

Rarely can a company boast of a history that dates back to the advent of the industry it serves. But such is the case for Nikkato Corporation, one of Japan's leading manufacturers of advanced ceramics that supports the growth of modern electronic industries.

Established in 1913 to support Japan's industrialisation of domestic chemical porcelains used in technological research fields, Nikkato has contributed greatly to developments in Japan's scientific and industrial fields. From importing chemical porcelains from Germany, Nikkato now applies its advanced technology development capabilities to serve leading Japanese companies in the fields of steel and electronic components.

As ceramic materials became widely used in the environmental and energy fields, Nikkato manufactured more products including wear- and heat-resistant ceramics used to downsize electric materials such as multilayer ceramic capacitors, dielectrics and piezoelectric ceramics. These electric materials are loaded in portable electronic devices such as smartphones.

With the increase in electronic device customers worldwide, the demand for Nikkato's ceramic products also increased. Pursuing further growth in Asia, Nikkato employs a long-term technical partnership with a manufacturer in Taiwan to remain competitive.

"Nikkato has a wider variety of reliable products but with a low volume," says Takashi Nishimura, president. "We serve the mid- to high-end customers such as Kyocera and TDK, as we provide

high-quality products." Guided by its philosophy of building societies through industrial innovations, Nikkato nurtures partnerships with educational and national institutions. Its co-operation with the National Industrial Research Institute of Nagoya developed proprietary products such as yttria-stabilised zirconia (YTZ) ceramics. YTZ equipment and grinding media have high mechanical properties, high densities, high purity and smooth surface conditions that result in higher wear resistance as well as superior grinding and dispersing efficiency for electric materials, pigments, paints and advanced materials.

"We continue to manufacture products with added value in Japan while expanding our exports," Nishimura says. "We will go on to develop products that cannot be easily done by other companies."



Takashi Nishimura, president

# JPX presents vast opportunities for global investors

The successful merger of the Tokyo and Osaka stock exchanges into the Japan Exchange Group (JPX) last year established one of the world's largest exchanges. The significance of the integration, however, goes beyond size. It created synergies that could make Japan the most preferred capital investment destination in Asia.

"We are very much on track with expectations," says Atsushi Saito, JPX's group CEO. "The merger has been a triumph, and international investors are realising the benefits."

JPX combines Tokyo Stock Exchange's experience in cash equity or stock transactions and Osaka Securities Exchange's expertise in derivatives trading. The integration has also significantly reduced costs as participants have to deal with only one exchange. With the following wind of Abenomics, such wider coverage and cost advantages have boosted equity trading value from about 1 trillion yen (HK\$76 billion) in 2012 to about 3 trillion yen last year.

To expand its product range, JPX will offer more exchange-traded funds and derivatives. It is also planning to develop an infrastructure fund market for construction projects across Asia.

One of JPX's most interesting initiatives, however, is to promote a professionally oriented bond market. It offers issuers a flexible regulatory framework that allows for English disclosure and the use of global

accounting guidelines such as the International Financial Reporting Standards and the United States Generally Accepted Accounting Principles. JPX hopes the depth of the market will form a robust platform for its development and allow JPX to become a centre for financing activities in the region. The market has seen bond issuance offering programmes by Asian entities such as India's ICICI Bank, the Asian Development Bank and Maybank.

Setting its sights beyond Japan, JPX is supporting the launch of a securities exchange in Myanmar by 2015. "We are opening the door all the way for collaborations with our neighbours," Saito says. "We will gladly address any barriers they may find in working with us."



Atsushi Saito, Group CEO

# Beauty takes new shape with Maruko

Confidence is currency in an era where body image has increasingly become a concern. Maruko is a veteran in trading in this business, providing shapewear for 36 years. Fashionable women of Japan have been walking with a spring in their step thanks to Maruko shapewear.

Regardless of age and body shape, Maruko strives to make women feel beautiful by providing tools that improve body contour.

"We consider ourselves professionals of beauty," says Hidefumi Asakura, president and CEO. "We help women achieve a lifestyle of beauty."

Maruko uses the latest technologies to ensure it constantly manufactures superior products, such as the ones that are part of the best-selling Canille and Belleages Avance Sakura lines. The company applies 118 sewing processes, three times the industry standard, in its shapewear such as the full cup body suits. Aside from meticulous production



Hidefumi Asakura, president and CEO

processes, Maruko also uses high-quality materials such as leavers lace and nano-level fibre in producing functional, light and comfortable shapewear.

In addition to shapewear, Maruko offers health food supplements and body care cosmetics, and conducts consultations in its salon-type stores.

Maruko also provides after-sales service – to recommend health supplements that aid the slimming process or to provide tips on maintaining the ideal bodyline.

Given the similar silhouettes of Japanese and Chinese women, Maruko hopes to be as successful on the mainland as it is in its home market. Laying the foundation for its expansion, Maruko established a retail store in Dalian to study the market and understand its differences with Japan.

Maruko has big plans for the mainland, including a future flagship store. Aside from opening a subsidiary in Shanghai in charge of marketing products, Maruko also plans to establish a shop in Beijing.

"The high-end underwear business is a niche business in China," Asakura says. "We see this changing as income levels rise. We are developing products specifically for the China market to meet the imminent demand."

# Shirai boosts printed circuit board production in Asia

As the Asia-Pacific inches towards becoming the leader in the global printed circuit board (PCB) industry over the next few years, Japanese PCB manufacturer Shirai Electronics Industrial anticipates growing consumer demand with improved production facilities and fresh products.

The company is committed to upgrading its key overseas production

hub in China, where the electronic information industry is experiencing the fastest growth and output. The Chinese market for PCBs exceeded HK\$300 billion in 2012.

"Our strategy for our Zhuhai plant is to streamline it further to enable it to produce products of higher quality in a larger volume," says Jinsho Kojima, president and chief operating officer. "We expect further growth especially in the automobile industry, so we are trying to prepare ourselves for increased business opportunities to cater to those changes."

Established in 1970, Shirai produces PCBs used in a wide range of products, including flat-panel television sets, air conditioners, computers and in-vehicle parts. The company has globalised manufacturing operations through factories across China, Japan and Southeast Asia, and scored a turnover of US\$229 million last year.

Jinsho Kojima, president and chief operating officer



Shirai serves a diverse range of industries, including automobiles, consumer electronics, control equipment and communication devices, apart from producing multilayered, high-performance and environment-friendly PCBs.

In addition, Shirai provides innovative solutions in printed wiring board (PWB) inspection systems. Shirai's VISPER automated visual inspection system allows PWB manufacturers to maintain the highest level of reliability and quality.

In March this year, Shirai launched a transparent and flexible PCB, which can be attached to light-emitting diodes. It also presented a double-sided copper pin PCB board, which significantly reduces heat. Shirai hopes to introduce these products in Asia.

"Our key to success is having diverse customers in different sectors," Kojima says. "By diversifying, we are less inclined to be impacted by the cyclic changes in our industry."



Kenji Miyakubi, president and representative director

Refining its approach through years of innovation, INTAGE combines reliable and accurate syndicated data services with customised research to optimise marketing via proprietary solutions that help clients maintain a competitive advantage.

With a strategic overseas presence and dedicated local teams across China, India and throughout Southeast Asia, INTAGE merges local insight and the latest mobile technology

developments from Asia with its expertise in information services and integrated systems solutions. This allows it to offer comprehensive coverage on local and international market trends that can be meaningfully integrated into businesses.

"We believe that our resources, services, technology and expertise can very powerfully guide our clients' business expansion in Asia and around the globe," Miyakubi says.

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## SPECIAL REPORT: JAPAN COUNTRY REPORT

## Takiron's advanced plastics technologies set industry standards

Transforming plastics into building materials, industrial components and medical resorbable osteosynthesis devices, Takiron stays resilient by providing solutions inspired by the boundless strengths and possibilities of plastics production.

Established in 1919 as a celluloid manufacturer, Takiron has transformed itself into Japan's leading producer of miscellaneous plastics. A pioneer in plastics flooring materials, it introduced its slip-resistant vinyl flooring to the Japanese market in 1973 and has approximately 70 per cent share of the condominium renovation market.

Protecting the environment is second nature to the company. "In planning and designing our products, we also assess how we can promote a low-carbon society," says president Katsumori Hyodo.

For its environmental efforts, Takiron offers products with heat-insulating properties that optimise natural light. It also provides large-sized, joint-type system panels for energy-saving initiatives of factories and warehouses.

Takiron is a reliable partner for the hi-tech sector. Its industrial plastics products include static dissipative materials and FM fire safety materials used in ultra-clean environments.

Keeping pace with evolving technologies in the medical industry, its bone fixation devices are biodegradable and bioresorbable, and do not require another surgical procedure for removal. The devices are used in orthopaedic and reconstructive surgeries and the treatment of cranial, oral and maxillofacial fractures and deformities. Takiron sees an increased demand for bone fixation devices in Thailand and South Korea, with a growing clientele in Europe and China.

Having overseas subsidiaries, Takiron produces agricultural and horticultural materials in Indonesia and manufactures sheet roofing materials in Shanghai. It looks into growth markets in China for roofing panels used in large-scale barns and residential carports.

To strengthen its presence in China, it established Takiron Plastics (Changzhou) in March this year to produce polycarbonate building materials.

Guided by the Japanese principle *chisan-chisho*, Takiron seeks to expand its offerings in Asia by manufacturing locally made products for local consumption. "We want to provide our regional customers with the best of the best technology," Hyodo says.



Katsumori Hyodo, president

## Penta-Ocean pioneers Asian marine and civil engineering



Yasuji Kakimoto, director, senior managing officer and chief executive of international business unit

In Japan, Penta-Ocean Construction has a strong image as a specialist in marine and civil engineering works with more than 100 years of history.

"Our duty is to make life better within the construction industry," says Yasuji Kakimoto, director, senior managing officer and chief executive of Penta-Ocean's international business unit.

Penta-Ocean's Singapore branch has been established for almost 50 years as the city's major land reclamation contractor. It has been involved in the Marina Bay, Tuas, Jurong Island, Pasir Panjang Terminal, Punggol and Changi Airport reclamation projects. The company extends its expertise to underground utilities, transport networks and high-rise buildings. Construction marvels

by Penta-Ocean include the ArtScience Museum, Esplanade-Theatres on the Bay, ION Orchard, The Orchard Residences, VivoCity and Singapore Post Centre.

The company's Hong Kong branch commenced its operations in 1986 with Sun Plaza and Ramada Renaissance Hotel, which became The Langham Hong Kong in Tsim Sha Tsui. The branch's portfolio comprises more than 100 projects including the Next Generation Data Centre, new International Mail Centre, the new campuses of Hong Kong Design Institute and Lee Wai Lee, Aberdeen Fire Station and various university teaching facilities. Its civil engineering works include site formation for Kai Tak Cruise Terminal, the Laying of Western Cross Harbour Main from West

Kowloon to Sai Ying Pun, and road works and site formation for Sha Tin New Town Stage II and Lok Ma Chau Boundary Crossing expansion. Penta-Ocean is working on tunnels from Mai Po to Ngau Tam Mei for Express Rail Link and Hin Keng Station of the Sha Tin to Central Link for the Mass Transit Railway.

As a marine engineering pioneer, Penta-Ocean established the Institute of Technology, one of two centres in Japan equipped with 3D underwater shaking table technology that assesses the performance of port facilities during earthquakes.

Penta-Ocean's focus on research and development enables innovations such as deep cement mixing vessels, self-propelled multipurpose work vessels and dredgers with special features.

These innovations, together with the company's soil improvement technologies, revolutionise land reclamation and marine infrastructure.

Anticipating future reclamation projects across Asia, Penta-Ocean invested in a self-propelling cutter suction dredger featuring the latest technology. Built in Singapore, the dredger was launched in June this year.

"We intend to make a further contribution in the future by working towards sustainable value," Kakimoto says. "We seek to contribute to the society in Japan and overseas by providing solid, quality workmanship backed by advanced technologies with a high regard for safety and ecological considerations."

## Three companies forge union to serve international market

Three companies have come together to prove that there is strength in numbers. Under the IJT Technology (IJTT) umbrella, casting expert I Metal Technology, propeller shaft specialist Jidosha Buhin Kogyo (JBK) and forging authority TDF Corporation join forces to maximise their resources in strategically expanding their business scope outside Japan.

Harnessing the synergy of the three companies, IJT provides an extensive array of parts for commercial vehicles.

"It makes sense for the three companies to get together and leverage each other's strengths," says Yasuaki Shimizu, president and representative director. "It makes production more efficient. IJT as one entity can serve the overseas market better than if we do it separately."

I Metal Technology manufactures motor vehicle and construction equipment parts such as cylinder



heads, brackets and valve controls. JBK, on the other hand, concentrates on propellers, engine parts and axle parts. TDF forges front axle, knuckle and transmission parts.

Vertical integration allows IJT to target a wider variety of clients that produce commercial vehicles for different applications such as construction and agriculture.

Not everyone has the capacity to go abroad because of a number of constraints. Our strategy is to support our clients wherever they go

Yasuaki Shimizu

President and representative director, IJT Technology

IJT serves Isuzu, Hino, Hitachi, Sumitomo and Komatsu.

"These companies trust us because we share a common philosophy for quality and sturdiness," Shimizu says.

Primarily catering to Japanese companies, IJT aims to leverage its manufacturing facilities in Thailand and Indonesia to help cater to more Asian clients. IJT also works in tandem with its customers to establish an international market presence.

"Not everyone has the capacity to go abroad because of a number of

constraints," Shimizu says. "Our strategy is to support our clients wherever they go."

As companies place greater importance on environmental sustainability, IJT pushes the envelope in research and development to create sturdy yet lightweight materials that promote fuel efficiency. In providing state-of-the-art and environmentally friendly products, Tokyo Stock Exchange-listed IJT increases its corporate value to stimulate investment interest and encourage investors to work with the company.



Yukitomo Hirakawa, president

## Mitsui Miike Machinery seeks industry partnerships in Asia

Fuelled by massive investments in construction and infrastructure projects, Asia-Pacific continues to dominate the global mining equipment market, and Japanese expert Mitsui Miike Machinery leads the way in cross-sectoral partnerships and growth opportunities.

Mitsui Miike Machinery is Japan's first producer of coal mining equipment and machinery dating back to 1882. With more than 130 years of pioneering experience in the materials handling industry, the company has a long and resilient history as an industry leader. It continues its efforts to innovate products and services amid changing industry demand.

"We call ourselves a solution maker for different types of sectors," says Yukitomo Hirakawa, president. "The beauty of our company is that we have always tried to provide the machinery and equipment needed at a certain time because we are able to adjust and adapt to changes."

Mitsui Miike Machinery prides itself in being more than a manufacturer of industry equipment, but a provider of total planning and processing systems.

"There's a linked or consecutive chain of process that we go through to make sure that we don't simply create a machine that will solve one single problem for our clients, but to be able to help them plan the whole process," Hirakawa says.

Looking to leverage complementary technological expertise, Mitsui Miike Machinery is interested in forming partnerships across Asia while also increasing business network connections through local trade and international channels. Through its combined expertise in materials handling, technologies in digging and transferring goods and capabilities in reducers and motors, Mitsui Miike Machinery is confident in meeting industry demand while also contributing to society.

"We want to create local demand, local business, and I think it's absolutely critical that we have a local partner in the target country to work together with," Hirakawa says.

"That will be a win-win situation for both our countries."

## Tsurumi Manufacturing setting its sights on Asian markets

Rising infrastructural investments and rapid urbanisation in developing economies present vast opportunities for companies to capitalise on diversified new ventures.

Paving the way for cross-infrastructural ventures is Japanese industry leader Tsurumi Manufacturing. The company offers packaged solutions in submersible pumps, dehydrators and vacuum pumps across various industry projects ranging from sewage treatment to nuclear power generation.

The company has more than 90 years of expertise in pump technologies and is the leading manufacturer of submersible pumps in Japan. A key to this success is the investments in research and development to enhance product durability, competitiveness and energy effectiveness.

"We try to improve our quality and long-lasting systems," says Osamu Tsujimoto, president. "For example, our clients used to work with pumps from European companies. But once they try our pumps, they tend to change to ours because of the reliability."

A growing presence across 45 countries in industries spanning construction, mining, agriculture, farming and engineering reflects Tsurumi Manufacturing's adaptation to local market needs. The company has established its second factory in Shanghai and has been purchasing



Osamu Tsujimoto, president

local parts and materials to sustain a competitive edge in China. While still maintaining quality control standards, these efforts have led to a 30 per cent cost reduction.

Tsurumi Manufacturing has subsidiaries in Hong Kong, Taiwan, South Korea, Thailand, Malaysia, Singapore and Indonesia, and also covers the United States and Canada. Through its subsidiary in Dusseldorf, Germany, the company conducts sales in about 30 European countries.

Tsurumi Manufacturing rigorously selects materials and modifies its products to comply with regional regulations. It has sold more than 1,000 dehydrators in Japan and is looking to introduce them in Thailand, Indonesia and Malaysia.

"The Asian market is growing so fast, and we have to focus on it," Tsujimoto says. "We have a broad network and are open to more partnerships."

## HCI celebrates 100 years of innovation in fine chemicals

As the company that established Japan's first benzene distillation plant in 1914, Honshu Chemical Industry (HCI) is

renowned in the country as a pioneering fine chemical specialist. A hundred years later, combining its innovative spirit with a strong research and development drive, HCI is still at the forefront in providing high-quality products across industrial sectors.

HCI's history is marked with many breakthroughs, as it is also the first company to succeed in industrialising aniline, a benzene derivative in Japan.

"Being innovative is at the core of our company philosophy," says Yoshiyuki Funakoshi, president and CEO. "We will continue to



Yoshiyuki Funakoshi, president and CEO

create a brighter future for the company and our clients."

HCI utilises original manufacturing technologies to produce biphenol, photoresist materials, special bisphenol and vitamin E raw materials. The company employs stringent manufacturing standards to ensure the purity, stability and safety of chemicals and resins. Employing environmentally friendly manufacturing processes, HCI ensures a sustainable future for itself and for its clients.

Working with companies from the information technology, automotive, medical and other various sectors, HCI can tailor its products according to client specifications for various applications.

Aside from modifying chemicals and resins, HCI also supports clients in their overseas expansion plans. HCI ensures continuous supply for clients wherever they establish operations. For instance, HCI provides vitamin E raw materials for a company that supplies poultry and swine feed additives to China and Europe.

"We supply the materials from Japan, but we are open to constructing manufacturing bases in regions where there is an increased demand," Funakoshi says.

Through subsidiary company Hi-Bis, HCI established a manufacturing facility in Germany as a local production base of special bisphenol in Europe for clients such as Bayer. To reinforce HCI's strategy of establishing a global scope, the company is continuously seeking talents with advanced knowledge in the fine chemical industry.

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SPECIAL REPORT: JAPAN COUNTRY REPORT

UniCarriers achieves synergies with integration

When Nissan Forklift and TCM merged to form UniCarriers, they combined more than 120 years of experience in forklift and materials handling equipment. The distinct white colour of its machines reflects more than a simple change in appearance. UniCarriers' renewed take on technology and operational efficiency has set it apart from the competition.

"We've surprised the industry by completing our integration in just a year, faster than the usual three years for a company our size," says Satoru Omori, chairman and CEO of UniCarriers. "Our clients will gain from the immense synergies we've achieved."

A major outcome of the collaboration will be the establishment of a global research and development (R&D) centre in Kawasaki. The US\$60-million, seven-storey facility will



Satoru Omori, chairman and CEO

focus on, among other things, system software technology for remote-controlled equipment to promote a safer workplace. Overall, UniCarriers will harness Nissan Forklift's frontier technologies while drawing on the expertise of TCM of the Hitachi Group,

which made Japan's first forklift in 1949.

While its R&D centre is global, technology is further tailored to the specific needs of its local markets in Europe, the Americas and Asia. This highly localised strategy runs across all operations from product design and procurement to overall management and marketing. Such an approach has benefited clients in many ways, such as cutting lead times by as much as a year.

"This is one important change the merger has introduced into UniCarriers," Omori says. "We've become very close to the local markets that we're able to produce products that match precisely what each country requires."

UniCarriers, for example, has lined up several "green" offerings for markets such as China. The company is developing more reasonably priced electric forklifts featuring longer

battery life. For its non-electric lines, it is working on an affordable exhaust-limiting technology to be launched next year.

"We have big expectations for China, and I think we have a very good chance to grow in that market," Omori says.

The company has a manufacturing facility in China and plans to expand operations by inviting collaborations with direct dealers and distributors. Similar to its growth strategy elsewhere, UniCarriers will focus on mergers and acquisitions of companies that have the appropriate technologies or manufacturing capabilities.

"We're increasing our market presence worldwide and will establish local factories and facilities whenever necessary," Omori says. "Our ultimate goal is to become No 1 globally."

Hakudo brings non-ferrous lustre to Asian markets

Looking beyond Japan to bring its years of expertise in the non-ferrous metals and materials industry to the rest of Asia, Hakudo is reinforcing its commitment to customer satisfaction by investing in human resources and information technology.

"Our people are our main asset," says president Koji Tsunoda, who considers their free-thinking and flexible approach as the source of Hakudo's originality. "We also invest a lot in computer systems because we handle around 4,000 stock items and 13,000 customers."

The leading provider of aluminium, steel, copper, plastics and proprietary products in Japan for more than 80 years, Hakudo has built a reputation for meeting customers' needs quickly, efficiently and with minimum wastage. It is making strides in the aerospace industry, apart from serving automotive, consumer electronics and other sectors.

Hakudo ensures seamless delivery



Koji Tsunoda, president

of orders by working closely with its subsidiary in Shanghai and local distributors in Thailand, Indonesia, Malaysia and Vietnam.

"We don't just provide our partners with the materials, we also help support their activities," Tsunoda says. This support includes developing

their computer systems to handle the enormous volume of orders.

Focused on further expanding into Asia, Hakudo is negotiating with potential agents in Taiwan and South Korea to supply the markets with eco-friendly and high-precision materials. These products include its high-precision YH52 cutting plate, a grade of aluminium plate with various thickness tolerances that is considered the highest-quality plate in the world. YH52 is mainly used for components and base plates of precision machines, manufacturing equipment for semiconductors, parts for food production facilities and clamp devices.

Hakudo's Asian push includes potential partnerships in the Philippines and India. "Our annual sales reach US\$250 million, but we still want to increase our revenues in Asia, develop our agents in the region and find new countries to approach," Tsunoda says.

Ya-Man brings professional beauty equipment to more homes throughout Asia

Incorporating two of Japan's strongest qualities – a meticulous eye for aesthetics and a persistent passion for technology – Ya-Man is ramping up its beauty and health product line to enhance Asia's personal care industry. The company combines its 35 years of experience in supplying professional beauty devices with its expert knowledge of cosmetics, bringing advanced electronic beauty equipment and professional health care products to Asian homes.

Starting as a professional device manufacturer and supplier to beauty salons in the 1970s, Ya-Man refashioned its business when home-use devices were introduced to the Japanese market in early 2000. It created personal beauty appliances and patented the fundamental body-fat measurement technologies found in many modern devices today.

"We have been working with beauty salons for a long time," says Kimiyo Yamazaki, president. "Our knowledge of cosmetics and



Kimiyo Yamazaki, president

aesthetics is complemented by our technological expertise. We know what customers look for."

Ya-Man's specialist industry status is a result of its highly skilled in-house research and development group, composed of three teams. Electronic engineers build internal components,

design engineers create external hardware, and software engineers focus on operability. These teams work with medical practitioners to apply the latest technologies used in facial treatments and cosmetic goods.

Its latest product, Platinum White RF, uses radio frequency technology to offer various facial treatment modes such as cleansing, moisturising and firming. Customers can test the device at Ya-Man's booth inside Beauty Avenue and at major electronic stores in Hong Kong, where it was launched in April.

"Most women use some kind of lotion, gel or cream as a cosmetic, but they rarely complement it with a device to help the creams penetrate the skin," Yamazaki says. "Our goal is to see our devices become a standard in people's daily skin-care activity."

Supported by a distribution partnership with Jebson in Hong Kong, Ya-Man seeks more collaborations to create and bring revolutionary beauty products to markets in Southeast Asia.

Innotech evolves to become global EDS solutions company

Innotech Corporation is building on its early success as a semiconductor trading firm to become a globally renowned electronics design services (EDS) company. With an outstanding reputation and expertise in cutting-edge electronic design automation (EDA) solutions, Innotech has been a silent champion behind many leading semiconductor and electronics manufacturers in Japan. The company has built a highly competitive portfolio as a result of its strong partnerships with some of the top producers of high-end semiconductor devices, EDA software and electronic components in North America, Europe and Asia.

"Innotech is committed to become a total solutions provider, leveraging its technical expertise and resources to become indispensable in the further development of the electronics industry," says Toshihiko Ono, president and chief operating officer. "We closely collaborate with our customers, becoming their trusted solutions provider."

Together with its group companies, Innotech offers a comprehensive EDS portfolio,



Toshihiko Ono, president and chief operating officer

covering EDA software, application-specific integrated circuit design and central processing unit (CPU) board design and manufacturing services. The company has also developed a reputation for delivering high-performance test systems and value-added engineering services. Its solutions can be found in everyday products, including smartphones, laptop computers and arcade games.

To penetrate more markets in

Japan and overseas, Innotech has unveiled in-house-developed products and proprietary services. Its ultra-small-footprint CPU boards are suited for applications where big data support and higher speed are prerequisites. These internally developed boards are intended for the medical, industrial, communication, automotive and surveillance sectors. To enrich its portfolio, Innotech has launched smartphone-related services based on audio watermark technology.

Innotech has introduced two types of semiconductor testers that were jointly developed with consolidated subsidiary Regulus and Taiwan's STAr Technologies. As part of the company's expansion strategy, Innotech acquired a stake in long-time partner STAr Technologies and opened a new office in Taipei in April last year.

"Our recent investments are geared towards strengthening our overseas presence, especially in the growing markets of the mainland, Hong Kong, Taiwan and South Korea," Ono says.

Manac's functional chemicals bolster Asia's technological industries

As sales and production destinations for electronic and pharmaceutical materials shift to China and other Asian nations, Manac is boosting its technological capabilities to maintain its leading position as a chemical specialist. Rooted in seawater chemistry and originating from the Seto Inland Sea, Manac technologies are evolving and spreading from Fukuyama to the international arena.

Leveraging its 60-year experience in bromination and iodination technologies, Manac has accumulated numerous techniques and has been able to enter various fields such as flame retardant, health support and fine chemicals. Customers have highly rated the company's products and services consistently throughout its decades of operations.

Aside from producing fine chemicals used in the functional and electronic material fields, Manac also supports new drug development, supplying raw materials to partner



Shoji Suginoara, president

pharmaceutical companies. It invests heavily in human resources, including research and development sections, to maintain its ISO 9001/14000 and GMP management systems.

"Environment and quality management systems are important for us," says Shoji Suginoara,

president. "We are confident to continue our business owing to these systems. We go through an audit every year to maintain global quality standards."

Keen on developing innovative techniques and creating new business avenues, Manac has acquired Hakko Tusho, a Japanese firm that operates a factory in Nanjing. The acquisition is a strategic move to better support the company's clients on the mainland and Asia. Furthermore, Manac plans to acquire a production base in China.

"We continue to look for potential collaborations with pharmaceutical and electronic companies to develop more high-valued compounds and explore other business fields," Suginoara says. "As a company that serves niche sectors, it's easy to continue our core business of producing materials for advanced markets, but creating a final product takes a long time. So, we would like to work with partners to create more innovative products."

OKAMOTO - *New Basic*  
身近な暮らしを科学する

Okamoto Industries, Inc., located in Tokyo, Japan and was established in 1934, has earned an international reputation as a leading manufacturer of quality rubber and plastic products. It is concerned about people and the environment in the realm of rubber and plastic products. Pursuing this goal, we continue manufacturing products with originality and the highest quality standards in order to bring quality life to the world.

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GOING FURTHER

Jurong Reclamation Project (Singapore)

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## SPECIAL REPORT: JAPAN COUNTRY REPORT

## NOMURA delights customers with space creation and revitalisation

The challenge of infusing energy and vibrancy into an empty space has driven NOMURA's employees for more than a century. Through the imagination of NOMURA's design professionals, an austere venue transforms into a setting that is steeped in meaning, delight and emotion.

*Our vision is to make sure the Japanese standard of creation is intrinsic in the world*

Masaru Watanabe  
President, NOMURA

"We possess the spirit of creation and manufacturing," says Masaru Watanabe, president. "We create the functional aspects and the total look. We care about the impact our spaces create."

NOMURA pioneered the concept of the display industry in 1892. Since its beginnings as a stage and theatre production designer, NOMURA has gathered various audiences for its clients through its targeted and awe-inspiring set-ups. From conceptualisation and design to construction, NOMURA showcases its unmatched display skills through its corporate publicity spaces, showrooms, exhibition booths and various cultural and academic projects in Japan and abroad.

Guided by the challenging spirit ingrained in the company's DNA, NOMURA continues to innovate, creating spaces that mesmerise and generating ideas that influence the siring

Masaru Watanabe,  
president

of new products and markets. Whether it is expressing a corporate philosophy or conveying a specific message, NOMURA has delighted and earned the trust of top corporations and organisations. Commissioned to execute the award-winning VW Guangzhou FEI, it is also responsible for fashioning numerous shops, hotels, offices and museums in Japan, China, Singapore and across other parts of Asia.

"We always try to deliver beyond what our customers expect," Watanabe says. "We've evolved over the years, and our curiosity has led us to discover new concepts that develop businesses and make things happen for our customers."

Expanding its overseas operations worth 3.5 billion yen (HK\$268 million) to hit 10 billion yen in six years, NOMURA is nurturing local employees and partnering with high-quality suppliers and contractors, particularly from China and Southeast Asia.

"We have so much potential abroad because Japanese quality has that potential," Watanabe says. "Our vision is to make sure the Japanese standard of creation is intrinsic in the world."



## Okamoto Industries looks to further penetrate Asian market

At about 7.2 billion people, the world's population has doubled since 1970 and is expected to exceed 8 billion by 2025. Amid dwindling natural resources, governments face the challenge of controlling the global headcount from growing by about 9,000 people per hour. Okamoto Industries supports this campaign through its distinct line of quality condoms.

"We always strive to be a step ahead of the competition as part of our commitment to provide consumers with a healthy, comfortable and enjoyable lifestyle," says Yoshiyuki Okamoto, president of Okamoto Industries.

Indeed, the company was the first in the market to produce latex

condoms. This variety outperforms its rubber counterpart in terms of softness and thinness. For people allergic to latex, Okamoto Industries came up with a special line of polyurethane condoms. Its 0.02 Hydro Polyurethane brand is one of the thinnest polyurethane condoms in the world featuring an even 0.02mm thickness across the whole surface area.

To ensure safety and quality, Okamoto Industries complies strictly with global standards. These include regulations imposed by the United States Food and Drug Administration and the Conformité Européenne of the European Economic Area. The company is also open to regular client audits.

Although known by most



Yoshiyuki Okamoto, president

consumers as a condom manufacturer, Okamoto Industries has grown to become a leading

integrated global producer of rubber and plastic products.

"We own leading technologies in various sectors ranging from rubber and plastics, to latex," Okamoto says. "By combining our expertise across these industries, we are able to produce a wide array of products."

With three production facilities in Japan, two subsidiaries on the mainland and one each in Hong Kong, Thailand, Vietnam and the United States, Okamoto Industries produces thousands of other consumer and industrial items. These products range from heating pads, gloves and dehumidifiers, to vehicle seat covers, wallpaper, adhesive tapes and sneakers.

Accounting for 8 per cent of

overall sales, condoms, however, remain Okamoto Industries' core offering. Helping governments worldwide promote the contraceptive method, Okamoto Industries has donated US\$1 million to Ghana and contributed to campaigns in countries such as India.

To further broaden its market reach in China and Southeast Asia, especially in Thailand, Vietnam and Indonesia, Okamoto Industries welcomes partnerships with local distributors.

"We would like to promote the Okamoto brand across Asia and beyond," Okamoto says. "We want people to associate our name with excellent product quality and dependability."

## Kyuhlen aims to empower energy-conscious Asia

The invention of electrical transformers in the 19th century paved the way for more efficient, farther-reaching and less-expensive power transmission, distribution and consumption. Nearly 200 years later, transformers – and the innovators behind them – are facing new challenges amid dwindling energy sources and mounting demand.

"Sustainability is the key, and it can only be achieved by constantly innovating to increase energy efficiency and supporting alternative sources such as solar power," says Hiroshi Hanada, president of Kyuhlen, the first and only electrical transformer manufacturer on Japan's Kyushu island since 1959. Kyuhlen remains at the forefront of energy-related innovations, with its transformers and voltage regulators ensuring stable electricity supply from power plants and substations to factories and residential communities.

Kyuhlen's portfolio now includes CO<sub>2</sub>-based heat pump water heaters, top-runner energy-saving transformers and other eco-friendly equipment. The company also



develops products and technologies compatible with next-generation smart grids to support more reliable and sustainable power production and distribution. Exploring advanced solar applications, it has launched solar parking systems ideal for office, residential and other properties.

"The strength of our company is the quality of our technologies – a crucial aspect of which is research and development," Hanada says. "We always deliver high-quality products and technologies while keeping friendly relations with our customers."

*The strength of our company is the quality of our technologies – a crucial aspect of which is research and development*

Hiroshi Hanada  
President, Kyuhlen

The company's innovative breakthroughs include anticorrosive oil-immersed transformers, which eliminate power loss while withstanding extreme weather conditions for up to 30 years. Other breakthroughs include static voltage concentrators designed to meticulously control the voltage levels of solar power, which tends to cause fluctuations and disruptions during transmission to the grid. With these innovations, Kyuhlen aims to soon corner the increasingly energy-conscious Asian market.

"We look forward to extending our knowledge sharing overseas and collaborating with industry leaders, utility providers and other transformer manufacturers," Hanada says. "We also welcome consultation with interested companies and government bodies wishing to benefit from Kyuhlen's technologies and products."

## Niche PCB solutions keep Kyoden on growth path

Operating within the highly fragmented and competitive printed circuit board (PCB) industry, Japanese home-grown company Kyoden has gained traction in the marketplace by moving away from broad-based, generic offerings towards more innovative, specialised solutions. With more than 30 years' experience in PCB prototyping and production, the company has built a sustainable track record anchored on higher standards of quality, rapid-turnaround manufacturing, and fulfilment of small-volume production runs.

"Rapid-turnaround manufacture and small-batch production have become our core competencies," says president Kaneki Yamaguchi. "We are an established name in this niche in Japan. We seek to achieve the same in Asia, particularly in China."

Recognising that China and Asia are central to the continued growth of the PCB industry, Kyoden is drawing on the strengths of group member companies and key business affiliates on the mainland, Hong Kong and South Korea to bring its rapid manufacturing expertise to the region. Through Kyoden (Thailand), Kyoden is directly catering to the flourishing car electronics segment, which is becoming a significant source of revenue for PCBs. "We are keen on forming more strategic partnerships in Asia to be able to offer a seamless PCB service," Yamaguchi says. In addition to meeting clients'



Kaneki Yamaguchi, president

needs for state-of-the-art PCB production, Kyoden is becoming a prominent third-party provider of product research and development to leading Japanese manufacturers operating in China. This is a natural extension of Kyoden's services, as many of its clients have to introduce new products within a relatively short period to cope with rapidly changing technology and customer requirements. Kyoden has also ventured into the supply of industrial materials such as glass fibres, mixture materials and refractory products, already earning the trust of a number of electronic majors.

"We are a total solution partner to our clients," Yamaguchi says. "We can customise an optimal, beginning-to-end service, allowing our customers to reduce their cost structure and time-to-market."

## Yuki Gosei offers premium fine chemicals

Japan, the world's second-largest pharmaceutical market, is also home to one of the most innovative and experienced active pharmaceutical ingredient (API) producers. For almost seven decades, Yuki Gosei Kogyo (YGK) has made a solid contribution to various sectors such as pharmaceuticals, dietary supplements, food additives and industrial chemicals such as marine paints, tyres and semiconductors. YGK has always provided safe and high-quality products through the most advanced research and development technologies and expertise.

"YGK has been a technology-oriented company from the very beginning," says Kazuo Itoh, president of YGK. "We've always built core process chemistries to secure the long-term stable supply of the safest and highest-quality products, which must earn customers' trust and confidence."

YGK's overall product portfolio is set to expand as researchers at the company's Tokyo Research



Kazuo Itoh, president

Laboratory earnestly undertake prospective themes of study. Also, its Joban Factory in Iwaki city is developing production processes for various chemical compounds using state-of-the-art technologies.

Such innovative spirit has helped YGK survive the backlash of the 2011 Japan earthquake. Owing to new product lines and cost management, the company has overcome severe global competition and rapid technological changes.

One of the world's largest producers of glycine and beta-alanine, YGK also manufactures special APIs such as protamine sulphate for insulin formulations and isoniazid, a prescription drug for tuberculosis. The company conforms to the standards of Current Good Manufacturing Practices imposed by the US Food and Drug Administration.

As YGK challenges global markets with its centre pillar products glycine and beta-alanine, together with a special line of APIs and amino acids, it is working domestically on APIs for generic drugs and fresh applications for existing products such as silicon-based compounds and pyridine derivatives.

"We're always ready to partner globally for product sales, raw material procurement and on-site production if beneficial for both parties," Itoh says. "A win-win relationship with anyone based on trust and confidence is one of our values."

## Shofu creates proven products for better dentistry

Dental treatment in Asia is shifting from a purely curative to a more elective approach due to increased consumer affluence and improved oral health awareness. To meet the region's growing demand for dental consumables, Shofu stays ahead with advanced techniques and technologies.

Celebrating 92 years of innovation, Shofu is world-renowned for its advanced dental technologies and superior clinical and lab products such as ceramic systems, abrasives, polishers and restorative materials.

"Our artificial teeth products are popular in Asia, especially Endura, Japan's first hybrid hard-resin teeth," says president Noriyuki Negoro. "We carefully analysed the Japanese teeth structure to create a natural-looking form that suits the Asian teeth. This demonstrates our dedication to research and development to meet market needs."

Shofu successfully developed GIOMER, a group of bioactive materials containing surface pre-



Noriyuki Negoro, president

reacted glass (S-PRG) ionomer filler particles. S-PRG technology promotes anticariogenic and antiplaque effects, and releases and recharges fluoride for remineralisation. Shofu's GIOMER-based products include Beautifil II, a light-cured direct aesthetic composite resin, and BeautiSealant, a pit and fissure sealant system.

Another revolutionary device is Shofu's EyeSpecial C-II, a lightweight and durable digital dental camera

with eight preset dental shooting modes. It features an intuitive 8.9cm LCD touch screen and Shofu's proprietary FlashMatic System that neutralises ambient light for consistent image results.

Shofu's products are sold globally in more than 100 countries through overseas subsidiaries in the United States, Germany, Britain, Singapore and China. It works closely with its Singapore and Shanghai offices to strengthen its regional foothold. "We localise our products by incorporating feedback from our overseas subsidiaries," Negoro says. "China is the fastest-growing dental market, and its higher requirement for quality lifestyle generates a huge demand for dental care."

Leading up to its centennial anniversary, Shofu pursues to expand its business in Asia by creating groundbreaking products and partnering with local distributors. "We uphold our commitment to oral health care through our innovations and excellent customer service," Negoro says.

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## SPECIAL REPORT: JAPAN COUNTRY REPORT

# Senshu Electric cables tie legacy with ingenuity

Rebuilding Japan after the second world war called for the solidarity of various industries. Cable supplier Senshu Electric, among other new-age pioneers, led the charge towards the reconstruction of the country's power infrastructure – which, in turn, revitalised households, business centres and factories to become among the world's most technologically advanced.

From trading mainly power cables, Senshu has expanded to serving nearly all industries, from electricals and automotives to information and communication technologies. It works closely with about 250 of Japan's 400 cable manufacturers and supplies more than 3,500 clients globally.

"Senshu has grown in parallel – and in collaboration – with many industries including the distinguished Japanese automotive sector," says managing director Motohide Nishimura, whose father established the company in 1949.



**Motohide Nishimura,**  
managing director

"We are committed to continuing this legacy, with a philosophy anchored in just-in-time strategy and value-added original products."

About 20 per cent of the business is based on original products, including Senshu's robot cables developed since the early 1980s in partnership with manufacturers, which needed sturdier, more flexible

cables for their state-of-the-art industrial robots and automated machines. Senshu is also dedicated to assembly work and innovation based on clients' specifications.

"Demonstrating Senshu's ingenuity, our robot cables have been diversified to make more than 10,000 products," Nishimura says.

"Their applications are still growing, and we look forward to developing even more to satisfy evolving client requirements."

The robot cables are projected to gain broader use overseas, particularly in China, where rising labour costs are driving manufacturers to invest more heavily in automation. Senshu is looking to expand its presence in the region in addition to its factory in Suzhou and offices in Shanghai, Tianjin and Shenzhen.

Senshu is also eyeing a wider market in Malaysia, Indonesia and Thailand, where it initially ventured in 1998 to support clients that have set up factories in the area. Reinforcing its commitment to its growing

customers in Asia, it has launched comprehensive online product catalogues in Japanese, Chinese and English.

In response to the growing demand for alternative energy sources, Senshu is also developing specialised eco-friendly products such as cables optimised for charging and transmitting solar power.

"The next frontier is offering products beyond cables and boosting overseas sales from 5 per cent to 30 per cent of total revenues by 2020," Nishimura says. "We owe it to our shareholders, clients and employees to continue pursuing excellence and a bigger presence – by building additional offices, forging deeper relationships and adding more value through greater innovations."

# Nippon Resibon's inventions revolutionise grinding wheel industry

Drawing on its wealth of knowledge and experience, Japan's No 1 abrasive grinding wheel manufacturer, Nippon Resibon, has changed the way industries cut, grind and polish metals and concrete.

"Innovation sets us apart from the competition," says Koichi Imadate, chairman of Nippon Resibon. "We've engineered the perfect balance

between speed and strength to ensure customer satisfaction."

On the ground floor of its Osaka headquarters, a disc framed on the wall encapsulates one of Nippon Resibon's legacies. Invented by the company in the 1960s, Best Touch is the world's first flexible abrasive grinding wheel. The innovation was the company's answer to requests from shop workers and clients for a bendable grinding wheel. Because of its flexibility, Best Touch delivers more grinding surface upon contact for faster job completion. Flexibility also enables a closer fit between the grinding wheel and the metal or concrete for a smoother finish, while less vibration minimises operator fatigue.

Nippon Resibon is also behind

**Koichi Imadate, chairman**

many other innovations. The company's Super Series line, for example, has raised the abrasion and grinding performance of conventional tools about threefold.

Such products have helped the company capture more than half of the Asian market for expendable grinding wheels. With three production facilities in Thailand, Nippon Resibon is set to capture the growing demand worldwide for its products, especially from Asia, which is undergoing robust infrastructure development. The company started exporting from Thailand 26 years ago and has plans of expanding capacity to meet increased demand.

"We're raising economies of scale to further share Japanese technology and our culture of quality and safety with the developing world," Imadate says.

# YMFG grows banking and financial services across Asia

With China holding a commanding position in global trade, the majority of the world's economic growth takes place in Asia. Besides China, Japanese companies are looking to establish operations across booming Southeast Asian markets – a strategy termed "China Plus One". Having strategic alliances with top-notch Asian financial institutions, Yamaguchi Financial Group (YMFG) maintains a strong footing to provide business support services in the region.

Headquartered in Shimonoseki, YMFG is the largest regional financial group in the Chugoku and Shikoku areas, with a net income of 31.2 billion yen (HK\$2.4 billion) last year. The group was rated A with a stable outlook, while two of its three bank brands – Yamaguchi Bank and Momiji Bank – received an A+ (stable) rating from Rating and Investment Information. Besides offering a diverse range of services, YMFG also has consulting, securities and credit card subsidiaries.



**Koichi Fukuda, president**

Inaugurated as Hyakuku National Bank in 1878, Yamaguchi Bank was the first local bank to venture overseas 41 years ago. Its first Asian branch was in Busan, South Korea, followed by two branches in Qingdao and Dalian on the mainland, and a representative office in Hong Kong. "We are one of a few banks in

Japan to provide yuan-denominated loans in China," says president Koichi Fukuda.

The second-leading regional lender in Hiroshima, Momiji Bank focuses on retail banking, while Kitakyushu Bank, YMFG's third bank brand, serves northern Kyushu.

To bolster its regional operations, YMFG has forged alliances with major Asian banks, including Bank Negara Indonesia, TMB Bank of Thailand and Metropolitan Bank and Trust of the Philippines.

To support the dollar-denominated investments and loans of its banking subsidiaries, YMFG issued convertible bonds amounting to US\$300 million last year, with a five-year maturity and zero interest rates.

YMFG seeks to strengthen its Asian base through alliances with local banks and financial institutions. "Having the right connections allows us to help our clients capture more of the demand in the region," Fukuda says.

# Techno Smart intensifies marketing in Southeast Asia and China

Amid economic movements and political events worldwide that have impacted Japanese industry, Techno Smart will fully implement the global integration of its sales, purchasing, outsourcing and design businesses this year. The move entails strengthened marketing efforts in Southeast Asia and China.

"We intend to implement a policy of thinking one step ahead of customers and facilities, which has something in common with the word *omotenashi*, or hospitality," says president Susumu Takahashi.

The company brings more than a century of expertise in machinery precision into its Asian expansion. The successor of Inoue Kinzoku Kogyo or INOKIN, which charted an unmistakably global path on its centenary in 2012 with the rebranding, Techno Smart is more accessible to overseas customers. This should bring collaboration closer to the levels reached with Japanese customers that enabled technological distinction.

Specialising in environmentally



**Susumu Takahashi, president**

sound coaters and dryers, Techno Smart is making an impact on the evolution of consumer electronics such as smartphones and tablet computers. Its advanced equipment for liquid crystal display (LCD) polariser films are used to manufacture high-end touch panels and LCD monitors in the optical film industry.

Techno Smart expects to carve a niche in the upcoming shift to fuel cell cars, the next generation of eco-friendly vehicles. Its high-precision coating machines are used on lithium-ion battery electrodes, separators and fuel cells.

Partnerships with local service providers will strengthen Techno Smart's after-sales service capacity in China. Since 2011, it has tapped Chinese manufacturers for direct sales of coating to hard-coat films for touch panels and polarising plates for LCDs.

With increasing business taking place in China, the company is working on a new technological development based on market trends. It is also improving product maintenance systems and expanding sales in the touch panel and polarising plate industries.

"We would like to help more global customers bring cutting-edge devices, which are well thought out, to life based on our high-precision coating technology," Takahashi says.

# Kadoya premium sesame oil to flavour regional cuisine

Used as cooking oil, salad dressing, dip, sauce and flavour enhancer, sesame oil is indispensable to Japanese cooking. For more than 150 years, the Japanese have trusted Kadoya Sesame Mills for its premium quality sesame oil products.

"For the Japanese, 'Kadoya' and the special shape of our bottle are synonymous with sesame oil," says Jiro Ozawa, president and CEO.

Over the years, Kadoya has stirred up awareness of sesame oil as a key cooking ingredient, with knowledge gained from the company's information and demonstration campaigns being passed on from generation to generation. Kadoya's continuing efforts to educate the public include programmes that teach elementary school children how to cook and eat with sesame oil.

The company has been studying the potential nutritional benefits of



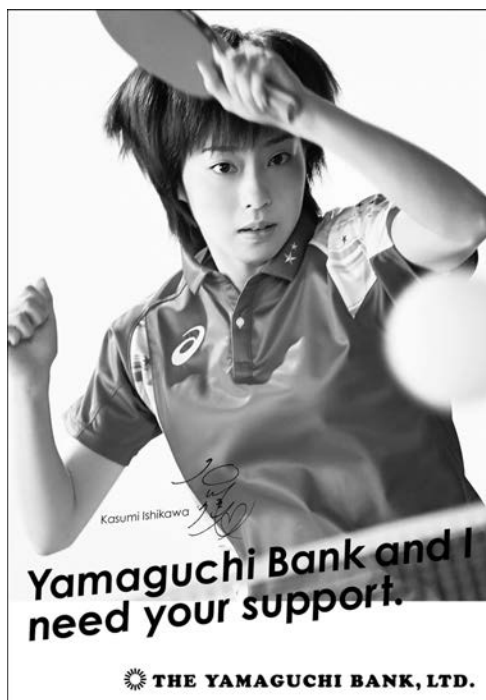
**Jiro Ozawa,**  
president and CEO

sesame oil that promote healthier hair, skin and bones. Kadoya collaborates with customers in the industrial food sector to develop fresh products and applications for its high-grade sesame oil. These applications include the use of sesame oil's antioxidant properties in

anti-ageing cosmetics. Dietary supplements containing sesame, a compound found in sesame oil, are also among Kadoya's extended product range.

Kadoya is keen on exploring additional markets in Southeast Asia in its drive to increase its exports from 10 per cent of its total production to 30 per cent. The company particularly looks to countries such as Indonesia as part of its plans to enter the halal market, which favours the use of tahini or sesame paste. Kadoya is open to meeting potential distributors to help introduce its sesame oil products into Thailand, Malaysia, Myanmar and the Philippines.

"The demand for sesame oil is growing and a lot more products are using it," Ozawa says. "We keep on developing new products and we are happy to share our products with those countries."



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**Techno Smart Corp.**



SPECIAL REPORT: JAPAN COUNTRY REPORT

Virtue in moderation ensures Aso's longevity

When Kyushu squire Takichi Aso started a mining business in 1872, little did he know that his modest coal venture would grow into one of Japan's most respected conglomerates.

The enterprise that eventually became Aso Group diversified in the late 1900s into industries spanning banking, education, medical care and infrastructure, enabling it to play an integral role in the social and economic development of Kyushu, Japan's third-largest island.

Beginning its overseas push five years ago with investments in property and corporate bonds, the group has since built a solid footing in eight countries across Europe, the Americas and Asia. Apart from its headquarters in Fukuoka, Aso Group has an office in Tokyo and affiliates in Dover, the United States and London.

Aso's founder, who later served as a legislator in his hometown of Fukuoka, Kyushu's largest city, steered the group's maturity from its humble origins. Several generations later, the founder's great-great-grandson, CEO and Aso Group chair, Iwao Aso, is leading the conglomerate through the 21st century, guided by the philosophy that "every business is the main business".

The bustling city of Fukuoka, ranked last year as the 12th most-liveable city in the world by *Monocle* magazine, stands testament to Aso Group's legacy. Praised for its green spaces amid a metropolitan setting, Fukuoka has surpassed Japan's former imperial capital, Kyoto, as the country's sixth-largest city.

Proudly family-owned, the group continues its century-long contribution to the community, finding virtue in moderation as it focuses on its key sectors. As of this year, it manages 81 subsidiaries and scored revenue of 208.5 billion yen (HK\$15.8 billion).

"Aso Group is committed to offering the best in innovative solutions and reliable products and services in our four core businesses – infrastructure and environmental solutions, medical and health care, education and human resources, and lifestyle services," Iwao Aso says. "We create high-value-added solutions that benefit society at large and bring new values to life."



Serving the public since 1918, Aso's Iizuka Hospital has more than 1,000 beds to provide medical care to the residents of Kyushu.



Aso Cement's Kanda plant on the eastern coast of Fukuoka is strategically located to deliver large quantities of cement.

Profitable business with social benefits

Aso's business philosophy views social progress and respect for local communities as essential ingredients for economic growth. The group is committed to contributing to society by providing quality medical care, training opportunities for students and employees, and sustainable infrastructure.

Aso's foray into the medical and health care sectors with its group hospitals created one of the largest private hospital groups in Japan in terms of the scale of bed capacity and the range of sectors, which broadly offer services from acute to chronic care. Through its ceaseless involvement in medical care for local communities, Aso further expanded into traditional Chinese medicine clinics and nursing homes, and has built its expertise in associated health care offerings. It provides myriad services such as medical software solutions, staffing, waste recycling and pharmacies. Consequently, these ventures have brought employment and social infrastructure development to generations of residents in the Kyushu and Chikugo regions.

In the area of education, Aso provides opportunities for students and business people through the Aso College Group. One of the largest vocational colleges in western Japan,



Iwao Aso, CEO and Aso Group chair

it delivers high standards of education that maximise the potential of students for the benefit of communities. Its education and human resources-related business is centred at the vocational college, which is the largest temporary staffing-related business in Kyushu.

Recognising the importance of reliable infrastructure and environmental solutions for communities worldwide, Aso built Japan's first medical waste recycling system. It is at the forefront of providing industrial waste recycling solutions and promotion of renewable resources. It also offers comprehensive infrastructure solutions, from building materials to

consulting services. These value-added products include highly functional concrete products, environmentally friendly cement and other building materials.

The group has been led by a mission to help shape Japan's core through all its initiatives. "We want to help our country and help the region, while simultaneously maintaining sustainability in profits," Iwao Aso says. "Through agile, strategic and multifaceted management, we are fulfilling our mission to contribute to the innovation of social systems and demonstrate strong competitiveness despite economic fluctuations."

Asian push and global expansion

Driven by the needs of its customers, Aso Group responds with solutions on an international level. It has established a global portfolio in sectors including building materials, education and training, food and restaurant, and real estate.

The group has a strong commitment to Asia with ventures on the mainland, Taiwan, Thailand, Singapore and Vietnam. Its reach into the mainland and Taiwan include operations dedicated to its education and cement manufacturing businesses. It has a digital technology educational institution in partnership with a university in Dalian, and a

foreign language training centre in Shenyang. In Kaohsiung, Aso has developed a technical alliance with a Taiwanese company in resin concrete and manhole production, while in Shanghai, the company has a technical venture in cement production with a local company.

Aso also has set up an office in Bangkok and is expanding. Building inroads into Indonesia, Aso will be starting new undergraduate curriculums at a local university in Jakarta this year.

By harnessing the full power of its subsidiaries, Aso Group aims to improve lifestyles and encourage healthy living worldwide. It creates "infrastructure for social capital" and participates in businesses that support the service industry.

The initial foray into Indonesia is seen to bring more opportunities for the group as it actively seeks like-minded, family-owned businesses for long-term ventures in the greater Southeast Asia region and elsewhere.

Looking to be an international company within the next 20 to 30 years, the group has invested in property sectors abroad with a focus on long-term buy-and-hold investments, rather than short-term capital gains. Aso is also exploring property investment opportunities in Britain, Australia, Singapore and Hong Kong.

Partnerships, mergers and other opportunities

Aso has a long history of mergers and acquisitions (M&A), which dates back to the 1930s. Yet despite its immense size, the company is still actively on the lookout for fresh M&A opportunities, particularly in Japan.

Among Aso's recent successful acquisitions is a 25 per cent stake in a construction firm that was instrumental in plugging the leakage of contaminated seawater at the Fukushima Daiichi Nuclear Power Plant. This newly acquired construction firm also has an excellent track record in soil improvement projects to solidify soft foundations.

The group joined other Japanese companies at the forefront of the clean-up effort, providing cutting-edge solutions such as environmentally friendly cement to contain the pollutants. It sees the benefits of bringing to market the expertise gained by the various companies from the Fukushima experience.

The group continues to watch for opportunities. With close relationships to regional banks in Kyushu and other financial giants in Japan, it is well-positioned to help expedite bank financing for such initiatives.

Among the sectors that present

an attractive expansion opportunity for Aso is food and beverage. With the population of Asia booming, Iwao Aso sees tremendous potential for quality Japanese cuisine breaking through the traditional market. He is interested in exploring a food chain venture in Asia, possibly through an M&A in markets such as Hong Kong, where he has a network of high-profile business people.

"At the moment, McDonald's is the biggest player in the sector, followed by KFC and Domino's Pizza – all American companies," Iwao Aso says. "I see a great opportunity for a good food and beverage provider coming from Japan to penetrate the market."

But Aso has a soft spot for medical care because of the benefits it brings to society. With its lengthy experience in hospital management, the group sees growth in assisted living, nursing homes and similar facilities.

Amid ageing populations and shrinking government health care budgets, the company considers it a noble effort to help regional areas secure medical care. It is seeking partners in Asia with the ideal skills and a similar vision.

"We'd be excited to shake hands with the right people who also want to change their communities for the better and deliver the best," Aso says.



Aso Group in figures

Established  
1872 (as Aso Corporation)

Group Management Committee Chairperson  
Iwao Aso

Group Companies  
82 companies (as of April 1, 2014)

Group Revenues  
208.5 billion yen (as of March 31, 2014)

Group Employees  
10,071 (as of April 1, 2014)

Global Locations  
8 locations in Asia, Europe and America

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