

July 9, 2014
NKSJ Holdings, Inc.

Entry into Automotive Repair and Maintenance Business in China

Sompo Japan Insurance Inc. (Sompo Japan), a wholly-owned subsidiary of NKSJ Holdings, announced that it has formed a business alliance with Shanghai Automotive Industry Sales Co., Ltd. (SAIS; General Manager: Xia Jun), a core subsidiary of Shanghai Automotive Industry Corporation (SAIC Motor Corporation), the largest auto group in China, with a view to full-scale entry into automotive repair and maintenance business throughout China.

Sompo Japan and SAIS will operate a vehicle maintenance workshop in Shanghai on a trial basis for two years with the intention of then establishing a joint venture for full-scale expansion into the automotive repair and maintenance business.

Sompo Japan has established a local subsidiary in Shanghai, SJNK Business Consulting (Shanghai) Co., Ltd. (President: Katsuhiko Kotake), which will chiefly provide consulting services relating to operation of vehicle maintenance workshops. This company will operate as a base for the trial project.

1. Purpose of Entry into Automotive Repair and Maintenance Business

China is the world's largest market for new vehicle sales,* with rapidly expanding demand for aftermarket services such as vehicle maintenance and bright prospects for further growth. The NKSJ Group has accident assessment techniques for automotive insurance and state-of-the-art vehicle repair technologies developed through operation of the Sompo Japan Osaka Automotive Research Center, which boasts some of Japan's most advanced repair facilities. It also possesses extensive expertise in technical and business consulting for vehicle maintenance workshops.

The strengths of the NKSJ Group and the brand power of SAIS will be leveraged to create innovative vehicle maintenance workshops offering the highest levels of technical skill and customer service. The partners in this alliance aim to bring safety and peace of mind to their Chinese customers and contribute to the further development of automotive repair and maintenance business in China.

*According to the China Association of Automobile Manufacturers, 21.98 million new vehicles were sold in China in 2013.

2. Outline of Business Alliance

Sompo Japan and SAIS will collaborate on the trial project until the end of July 2016. Based on the results of the project, the partners in the alliance will then enter into negotiations to establish a joint venture.

SAIS will provide the vehicle maintenance workshop for the trial project, and Sompo Japan will offer comprehensive management support focusing on efforts to provide automotive repair technologies and high-quality services. Three NKSJ staff have already been assigned to SJNK Business Consulting.

3. Outlook

Details of a full-scale roll-out of the business will be considered by the partners based on the outcomes of the trial project. Future initiatives are likely to focus on Shanghai initially, followed by expansion throughout China.

With the merger of Sompo Japan and Nipponkoa Insurance Co., Ltd. in September 2014 (subject to approval by the relevant authorities), the NKSJ Group will be renamed the Sompo Japan Nipponkoa Group and NKSJ Holdings will be renamed Sompo Japan Nipponkoa Holdings Inc. in order to accelerate the growth of the Group by strengthening the Group brand.

For Reference: Profiles of new Shanghai subsidiary and alliance partner (as of June 2014)

Company name	SJNK Business Consulting (Shanghai) Co., Ltd.	Shanghai Automotive Industry Sales Co., Ltd.
Head Office Address	Room 4709, Building 2, 1266 Nan Jing Xi Lu, Jing An Qu, Shanghai	589 Cao Yang Lu, Pu Tuo Qu, Shanghai
President/General Manager	President: Katsuhiko Kotake	General Manager: Xia Jun

Business activities	Planning and implementation of vehicle maintenance workshop business in China	Sale of vehicles under the Shanghai Volkswagen, Shanghai GM, Subaru, Roewe, and MG brands. Sale and management of engines and engine parts, other automotive parts, office equipment, everyday goods, and used vehicles. Warehouse management, meeting services, business consulting, e-commerce (excluding value-added telecommunications and financial services), import/export of freight and technology.
Capital	100 million yen	1.49 billion yuan (approx. 24.48 billion yen)
Established	June 9, 2014	January 21, 1993
Employees (consolidated basis)	Directors: 3 Employees: 3 Total: 6	Directors: 3 Employees: approx. 8,000

Source: SAIS business permit and internal statistics