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aspop’s recruitment predicament

Xiaokang Zhao and Paul W. Beamish wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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On February 15, 2013, after the Chinese Spring Festival had concluded and people were still immersed in the festive atmosphere, Ma Xueqiang, president and founder of Shandong Aspop Clothing Apparel Group Co., Ltd. (Aspop), began to worry about post-holiday factory operations.

In recent years, with an increasing number of service industries in the area and increases in people’s income levels, there had always been a recruitment predicament and labour shortage after the Spring Festival. This was perplexing the executives of a large number of private and foreign enterprises in China. A news item widely spread online had attracted Ma’s attention: the Shandong Yantai Zhongteng Human Resources Development Company had just announced a reward, saying that, “Everyone who introduces a candidate employee to Yantai LG from the fifth to seventh day of the lunar calendar will be paid travel expenses of ¥200 and rewarded ¥300 in cash.”[[1]](#footnote-1) Soon after, early on February 18, when all employees were supposed to return to work after the Spring Festival holiday, the chief executive officer of a leather shoe factory in Qingdao unexpectedly stood at the entrance of the factory, smiling, sending a New Year’s blessing, and even bowing to those returning staff. The owner of a hotel in Xiamen, Fujian, advertised in the local newspaper that “your boss is calling you back to work.” Shandong Haosheng Group, a bamboo fibre household product manufacturer, received orders from seven enterprises just after the Spring Festival. It needed to recruit enough workers to deliver the orders on time. Despite a big effort from its human resources (HR) staff, it succeeded in hiring only 25 workers—far from the 500 workers needed. This phenomenon was not unique to Shandong, but also occurred in Guangdong, Zhejiang, Hubei, Shanxi, and other inland provinces.

Aspop faced a similar situation. After the Spring Festival, the onslaught of orders did not fill Ma with joy. News from the HR department of unsuccessful recruitment immediately put him in a bad mood. He decided to hold an emergency meeting to address the present predicament.

BACKGROUND

In the 1970s, after graduating from college at the age of 19, Ma Xueqiang worked for a foreign trade company. With professional international trade knowledge and an agile mind, Ma soon became department manager in charge of the international trade business. However, he was not content with the status quo, and he invested ¥2.5 million to start an international trade company with a few friends in the development zone of the city of Zibo in Shandong province. Concurrent with a booming development period of the textile and apparel industry, the company’s turnover reached about ¥10 million in just a few years. Although its first business received market recognition, the company was eventually dissolved because of internal disputes around its operating philosophy.

In 2004, Zibo Xinquan Garment Co., Ltd. was on the verge of bankruptcy due to poor management. Ma spotted the chance to take over the firm and started the second venture of his life. Ma perceived product quality as the lifeblood of the enterprise and cherished every order he got. The firm became profitable within one year by gaining the trust of customers with high-quality products and services.

In November 2005, Ma merged Zibo Xinquan Garment Co., Ltd. into Shandong Jiangchen Fashion Co., Ltd., to become a China–South Korea joint venture with registered capital of ¥12.74 million. The company mainly concentrated on sandblasting and washing jeans, denim skirts, and denim jackets for South Korea, the United States, the European Union, Australia, Japan, and other countries. It also produced and sold printed and dyed cloth, cotton, synthetic cloth, denim, yarn, dyed fabrics, towels, and other textiles and fabrics. It was a typical labour-intensive enterprise, with a large number of labourers and low entry barriers. At the beginning of its establishment, Ma decided that the differentiation of production was the only way to compete with other companies in the export-oriented textile and apparel industry. The company not only processed orders as large as 900,000 pieces, but also undertook limited-edition fashion orders of big brands with as little as 280 pieces (see Exhibit 1). About 90 per cent of its orders were medium-to-high-level products for the importing countries. In 2006, the company’s export sales revenue reached ¥200 million, and it achieved profits of ¥80 million.

Due to his company’s position in the market—between large enterprises and small ones—and its focus on high-value-added original equipment manufacturer products, Ma could accept small-batch orders that other enterprises were not willing to take. During the 2008 economic crisis, while the whole industry was declining, his company still prospered with an influx of orders.

In 2008, Ma changed the company’s name to Aspop Costume Co., Ltd. The company gradually supplied well-known brands—such as Etam, Gap, Next, American Eagle Outfitter, E·Land, Esprit, UNIQLO, Calvin Klein, ONLY, and Banana Republic—at home and abroad to meet their small-batch, multi-item, and fast-delivery order requirements. In 2008, Aspop became the supplier of French brand Kiabi, then the tenth-ranked brand in the global apparel industry. In 2009, the company was nominated as one of “China’s best suppliers and exempt suppliers from inspection” by E·Land Group of South Korea. The same year, Aspop also passed the quality management system accreditation of Gap, a premier retail company in the world garment industry, and became the only clothing suppliers of Gap in the area north of the Yangtze River in China.

With the aid of a Donghua University scientific research team, Aspop began its own brand planning and promotion. Through unremitting efforts such as setting up a brand design centre in Shanghai, hiring Ziqi Zhao (a young actress in China) as image spokesperson to promote the enterprise’s image, and setting up shops in large department stores for brand promotion, Aspop was recognized as a famous brand of Shandong province in 2008 and a well-known Chinese trademark by the State Administration for Industry and Commerce in 2010. In 2012, an Aspop fashion product could be sold for as much as ¥5,000. The two-track approach that attached importance to both the processing trade[[2]](#footnote-2) and brand establishment had benefited Aspop by helping it upgrade from the low end to the high end in the value chain, with a resulting increase in profits (see Exhibits 2–4).

TEXTILE INDUSTRY IN CHINA

The staffing difficulty that Aspop had encountered was quite common in the Chinese apparel-processing trade. By 2013, China had become the world’s largest producer and exporter of textiles and apparel. This industry had become an important driving force for China’s participation in the global economy, and it promoted rapid development in the local economy. China’s policy of reform and opening up had greatly sped up the rapid development of the industry in China. In 1978, China’s total textile industry fibre processing was 2.76 million tons, accounting for 10 per cent of the world’s total. The capacity increased to 35.3 million tons in 2007, accounting for 40 per cent of the world’s total. The number of textile industry workers also increased from 3.37 million people in 1978 to more than 20 million, of whom 80 per cent had transferred from the rural labour force.

China’s textile industry was highly centralized and mainly concentrated in Zhejiang, Jiangsu, Shandong, Guangdong, Fujian, and other eastern coastal areas. There was a high degree of clustering, with an obvious competitive advantage, a complete industrial chain, and a huge processing and export capacity.

While China’s textile industry had been growing for many years, most export products were low-end products made using backward technology, and mainly existed in the market due to price advantages. Owing to the lack of private branding, most factories had to undertake original equipment manufacturing business. They were generally very small in size, with a limited ability to cope with risks.

In recent years, with demand changes in international markets, constraints in terms of natural resources and the environment, and rising costs, the traditional textile industry was witnessing great challenges and stagnating growth. Textile enterprises saw their global competitive advantage weakened and their international market share in decline.

Experts summed up the difficulties facing China’s textile enterprises as “two prices and three rates”—that is, it involved raw material prices and the price of labour plus the interest rate, export rebate rate, and exchange rate. The appreciation of the renminbi was a major blow to export enterprises, leading to the loss of price advantages and a further decline in export volume. Changes in export tax rebates and interest rates had a great impact on the survival of textile enterprises. At the same time, increasing costs were a huge problem. Higher prices for raw materials and electricity increased enterprise costs directly.

Among these, the rise in labour costs was becoming the most important problem hindering the further development of the textile industry. China’s textile industry was a traditional labour-intensive industry. It was in the primary stage of industrial development, that is, it was production oriented. But once the comparative advantage of production declined, there would be irreparable damage on the industry development front.

In recent years, China’s labour cost growth had accelerated. Since the start of the first round of labour shortages along the southeastern coastal areas in 2003, labour issues had become the main problem that low-end manufacturing enterprises had to face. With the gradual appearance of the “recruitment predicament” in coastal areas, labour-intensive industries—in which labour costs accounted for 80–90 per cent of manufacturing costs—were facing the bigger threat. Compared with Vietnam, Laos, Cambodia, India, and other countries, China had lost its advantage of low labour costs, greatly reducing the competitiveness of the Chinese textile industry in international markets. This had become an urgent problem for the textile industry in China.

ONE-CHILD POLICY AND ASPOP’S HR CONDITION

China experienced rapid economic development after its reform and the opening up of its economy, starting in the late 1970s. Many experts referred to the “demographic dividend” as one of the most crucial reasons why China was able to create such a miracle of economic growth. The United Nations Population Fund defined the demographic dividend as “the economic growth potential that can result from shifts in a population’s age structure, mainly when the share of the working-age population (15 to 64) is larger than the non-working-age share of the population (14 and younger, and 65 and older).”[[3]](#footnote-3) China was surely one of the main beneficiaries of the demographic dividend.

As time went by, more and more of the working-age population was reaching the age of retirement, and the size of the young generations was declining. China’s birth rate had declined between 1949 and 1978.[[4]](#footnote-4) However, the infant mortality rate had declined even further, and life expectancy in China had dramatically increased from around 35 years in 1948 to about 66 years in 1976.[[5]](#footnote-5) Thus, the Chinese population grew from 542 million in 1949 to 963 million in 1978.[[6]](#footnote-6) The Chinese government perceived a possible overpopulation catastrophe and gradually adopted the one-child policy from 1979 onward. Population growth slowed quickly, and by the 2000s, China began to experience a “4-2-1” problem, which meant one law-enforced only child had to provide support for his or her two parents and four grandparents when he or she grew up. Because he or she was the only child of the family, he or she became the focus of the whole family with all the love and resources needed. In practical terms, this meant that families would go to extraordinary lengths to ensure the only child received the best possible food, schooling, health care, and so on. Such support might be far higher than what the parents/grandparents had ever received. Thanks to these material and spiritual inputs, the only child would inevitably become the hope of every family. The Chinese saying *wangzichenglong* (hoping one’s children to have a bright future) was one of the truest portrayals of such a phenomenon. Parents were proud of children who had succeeded at school because they thought the educational performance of their children would guarantee a prosperous future for their family.

As of January 2013, there were 537 employees in Aspop (see Exhibit 5). Most (415) were first-line workers, which accounted for 77 per cent of the total. The majority (89 per cent) did not have a college degree or the like, and nearly all (96.65 per cent) were under the age of 50. Of these, 283 were local peasants who had to do some farm work during the busy season from February to May and from September to October every year. They could work in factories during the slack season or during farming season if commuting to and from factories was convenient.

ASPOP’S EFFORTS TO DEAL WITH THE EMPLOYMENT DILEMMA

Aspop’s executives were well aware of the contradiction between the shortage of staff and enterprise development. In the early period, a large number of local rural residents in surrounding areas were willing to engage in apparel processing. But along with economic development, a greater proportion of 18-year-olds pursuing post-secondary education, and the rising affluence of local residents, the perception of workers had changed. More and more young workers preferred working in the local supermarket and other service industries with low wages in exchange for more leisure, rather than doing mechanical, repetitive, boring work in the textile and apparel enterprises. Sixty per cent of new employees in the newly opened shopping plaza near Aspop were former front-line workers of local factories. On the one hand, while the shortage of experienced workers disturbed normal production for Aspop, it also affected its product quality and delivery time. On the other hand, the continuous increase in local labour costs also weakened the competitiveness of Aspop.

BUILDING A NEST TO ATTRACT A PHOENIX

In order to solve the problem of potential delivery delays and low production efficiency caused by a high employee turnover rate, Aspop executives had tried many avenues to alleviate this obstacle. They provided recruitment information about jobs for sewing workers, ironing workers, cutters, and other first-line production workers on recruiting websites like wealink.com, qlrc.com, 58.com, ganji.com, and YJBYS.com, and they conducted campus recruitment campaigns at Beijing Institute of Fashion Technology, Shandong Academy of Arts, and other colleges and universities.

In view of the increased difficulty of hiring a large number of first-line production workers nearby, Aspop had decided to try and attract additional local rural peasants by arranging a bus to pick them up within a 10-kilometre radius of the company. These rural workers were mostly over 35 years old and had Shandong’s traditional honest character. They were a relatively stable workforce because of the three-shift rotation, which made it easier to handle their farm work. Although their turnover rate was very low, their work efficiency was also low compared to the younger generations.

Aspop’s local front-line staff accounted for more than 70 per cent of its employees. Most of those from outside Zibo were also from Shandong province. More than 200 out of 800 workers lived in company dormitories. Aspop also provided 130-square-metre family-style apartments for employed couples. Each apartment had three bedrooms, two halls, one bathroom, a TV set, a sofa bed, air conditioning, and 24-hour hot water. Aspop provided a 1,000-square-metre gym for staff, complete with spinning bikes, treadmills, spacewalk machine, table tennis tables, and other indoor fitness equipment. It had also built a basketball court, a soccer field, and other outdoor sport venues. By 2013, the company’s annual employee turnover rate had fallen to 12 per cent from 22 per cent in 2010.

In order to increase staff enthusiasm for production, Aspop had started a small shareholding system reformation in its most profitable washing workshop. Its workers generated sales of ¥5.02 million the first year and created a profit of ¥3.1 million one year later, much higher than the pre-reform average annual profit level of ¥1 million to ¥2 million. After the reform, the dividend rate for three consecutive years reached 33 per cent, resulting in an investment payback period of about three years.

TECHNICAL UPDATES TO IMPROVE EFFICIENCY

Many textile and apparel enterprises in Europe and the United States also encountered similar recruiting difficulties. In order to reduce labour costs, enhance production efficiency, and reduce the damage to the staff caused by pollution in the work environment, they generally adopted technology upgrading countermeasures. Aspop executives also pursued such an approach.

At the beginning of 2013, the company invested ¥300 million to introduce a domestic-market-leading computer-integrated clothing hanging pipeline system that could improve the operating environment greatly and make the workshop much cleaner. Under the control of a computer, whole pieces of cloth hanging on the racks were automatically sent to the next process operator according to a pre-defined route in the system with just one press of the control button. The time required to convey, pack, and fold pieces of cloth was greatly reduced (see Exhibit 6). This system could also automatically balance the efficiency differences between different staff in the same production line. Improving production efficiency by 30 per cent and reducing the amount of work in progress by 70 per cent increased the assembly line workers’ income from the original ¥2,600 to ¥3,600. Three hanging system lines replaced 18 production managers, directly saving ¥1 million in managerial costs every year.

Aspop had invested ¥4 million to purchase a laser printing machine for jeans. Although this increased the jeans’ production cost by 50 per cent per unit versus the traditional technology, profit per unit also increased by 50 per cent. It also created greater technological choice, provided environmental protection, and met energy conservation requirements. Using this technology, the finishing process for a pair of jeans could be completed in a few seconds, saving an average of 50 litres of water and 60 per cent of the energy consumption versus the conventional process. In addition, this technology did not need to use a strong oxidizing agent or other chemical products. This provided positive benefits for the environment and workers’ physical and mental health.

OVERSEAS PRODUCTION

Beginning in 2013, due in part to the decline in demand of the global textile and apparel industry and regional policies like the Trans-Pacific Partnership (TPP) and Generalized System of Preferences (GSP), orders from the European Union, Japan, Korea, and other countries had begun to shift to Cambodia, Vietnam, and other Southeast Asian countries.

In 2011, a local Shandong enterprise in close co-operation with Aspop had invested in factories in Cambodia and generated good economic results. Exciting information about Cambodia was reported to other Chinese firms. Firstly, recruitment at local firms was easier. An abundant young labour force was available in Cambodia. The government there was willing to provide duty-free treatment for raw material imports and apparel exports to apparel-processing enterprises. A company could hire 600–700 workers in one month, at a minimum wage of just US$60–80[[7]](#footnote-7) a month per person. Even if the production efficiency of those foreign workers was only one-third that of Chinese domestic workers and the product quality was difficult to guarantee, their lower wage level was appealing. Secondly, when textile locales in Southeast Asia (for example, Cambodia) were designated by the United Nations as “Least Developed Countries,” buyers from Europe, Canada, and Japan could reduce local import tariffs by 12 per cent. This made them more willing to purchase from Cambodia and other Southeast Asian countries. In addition, Cambodia’s land prices were relatively low: industrial land cost between ¥18 and ¥30 per square metre, with permanent property rights.

However, at the beginning of 2013, some contrary news from Southeast Asian countries caught the attention of Aspop executives. Thailand announced that, effective January 1, 2013, its nationwide daily minimum wage would be THB300 (US$9.79)[[8]](#footnote-8). Indonesia also declared that the monthly minimum wage in the capital, Jakarta, would be increased from IDR1.53 million up to IDR2.2 million (about US$228).[[9]](#footnote-9) Vietnam also raised the monthly minimum wage in four regions to YND1.65–YND2.35 million (about US$79–US$113)[[10]](#footnote-10) on the same day. Malaysia began to introduce a minimum wage system in January 2013 for the first time. The monthly minimum wage in the capital of Kuala Lumpur was about US$300.[[11]](#footnote-11) If enterprises in these countries paid lower than the minimum wage, they would be punished by the government.

Furthermore, the infrastructure of countries in Southeast Asia was relatively limited. Ports, railways, and highways were relatively backward and inefficient. More than one-fifth of the population in the area lacked access to power. Power outages were quite common. Unlike the piece-rate system in the Chinese textile and apparel enterprises, the wage system in Cambodia’s textile enterprises as well as in some other Southeast Asian countries was based on a time-rate wage system. Here, regardless of the work efficiency of workers, enterprises had to pay the minimum wage to employees for eight working hours. In addition, working more than eight hours required extra payment. Any company would have to pay two times the salary on Saturday for overtime work, and pay 1.5 times the salary for overtime work on an ordinary workday. Although workers did not work during a strike, enterprises still needed to pay them salaries.

With all of these issues in mind, Ma asked his assistant Gong to collect data, prepare several possible solutions, and inform department heads to prepare for a meeting. After putting down the telephone, he could not help wondering how to deal with Aspop’s current recruitment predicament.

The authors would like to thank PhD students Jing Liu and Fang Xue for their help gathering information and with the translation.

Exhibit 1: ORDERS, VARIETIES, AND ORDER QUANTITY OF ASPOP

|  |  |  |  |
| --- | --- | --- | --- |
| **Year** | **Orders (units)** | **Varieties (types)** | **Order Quantity (pieces)** |
| 2010 | 270 | 820 | 3,820,000 |
| 2011 | 320 | 1,130 | 4,510,000 |
| 2012 | 410 | 1,410 | 5,120,000 |
| 2013 | 530 | 2,116 | 5,880,000 |

Source: Company files.

Exhibit 2: KEY FINANCIAL INDICATORS OF ASPOP (‘¥000, Year ending December 31)

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2014** | **2013** | **2012** |
| Basic earnings per share | 0.013 | 0.001 | 0.017 |
| Retained profits | 6,651.600 | 470.800 | 1,702.300 |
| Year-on-year growth rate of retained profits | 1,312.81% | −72.34% | 0.00% |
| Gross revenue | 185,649.500 | 90,938.300 | 48,409.900 |
| Year-on-year growth rate of gross revenue | 104.15% | 87.85% | 0.00% |
| Net asset value per share | 0.130 | 0.128 | 0.246 |
| Net assets income ratio | 12.16% | 1.02% | 10.85% |
| Net assets yield—dilution | 8.56% | 0.93% | 7.08% |
| Assets–liabilities ratio | 60.91% | 67.82% | 76.57% |
| Operational cash flow per share | 0.000 | −0.035 | −0.159 |
| Gross profit margin on sales | 15.44% | 18.04% | 22.77% |
| Inventory turnover | 5.56% | 3.06% | 1.95% |

Source: Aspop, Annual Report [in Chinese], 2014, accessed September 18, 2017, [www.neeq.com.cn/disclosure/2015/2015-04-21/1429613465\_](http://www.neeq.com.cn/disclosure/2015/2015-04-21/1429613465_)847768.pdf; Aspop, Stock Public Transfer Instruction [in Chinese], 2014, accessed September 18, 2017, www.neeq.com.cn/disclosure/2014/1231/64673931.pdf.

Exhibit 3: CASH FLOW STATEMENT OF ASPOP, 2012–2014 (’¥000, year ending December 31)

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2014** | **2013** | **2012** |
| Cash received from sale of goods or rendering of services | 166,550.1 | 67,696.9 | 55,905.7 |
| Expenses of taxation and return received | 2,670.2 | 1,595.7 | 2,812.8 |
| Tax payment | 7,754.5 | 3,926.8 | 4,234.9 |
| Cash paid to employee | 28,253.9 | 12,134.4 | 14,055.9 |
| Operational cash inflows | 193,998.6 | 71,035.4 | 58,891 |
| Operational cash outflows | 191,959.4 | 84,956.3 | 74,440.6 |
| Net operational cash flows | 2,039.2 | −13,920.9 | −15,549.6 |
| Payment of cash on purchasing of fixed assets and other | 22,016.1 | 2,134.1 | 425.2 |
| Cash for investment | 0.0 | 0.0 | 8,000.0 |
| Other cash payments and investments | 0.0 | 11,000.0 | 0.0 |
| Investment cash inflows | 400.0 | 23.3 | 0.0 |
| Investment cash outflows | 22,016.1 | 13,134.1 | 8,425.2 |
| Net investment cash flows | −21,616.1 | −13,110.7 | −8,425.2 |
| Receive cash for investment | 22,539.5 | 27,700.0 | 10,020.0 |
| Cash borrowed | 98,901.2 | 73,000.0 | 25,400.0 |
| Cash received from financing and other | 686.4 | 0.0 | 0.0 |
| Cash to repay debt | 83,700.0 | 34,500.0 | 5,400.0 |
| Cash paid in dividends, profit, or interest payments | 6,373.5 | 5,398.1 | 898.7 |
| Financing cash inflows | 122,127.1 | 100,700.0 | 35,420.0 |
| Financing cash outflows | 90,073.5 | 39,898.1 | 6,298.7 |
| Net financing cash flows | 32,053.6 | 60,801.9 | 29,121.3 |
| Impact of exchange rate on cash | 0.3 | −2.8 | −0.7 |
| Net increase in cash and cash equivalents | 12,476.9 | 33,767.4 | 5,145.7 |

Source: Aspop, *Annual Report* [in Chinese], 2014, accessed September 18, 2017, www.neeq.com.cn/disclosure/2015/2015-04-21/1429613465\_847768.pdf; Aspop, *Stock Public Transfer* Instruction [in Chinese], 2014, accessed September 18, 2017, www.neeq.com.cn/disclosure/2014/1231/64673931.pdf.

Exhibit 4: INCOME STATEMENT OF ASPOP, 2012–2014 (’¥000, year ending December 31)

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2014** | **2013** | **2012** |
| Gross revenue | 185,649.5 | 90,938.3 | 48,409.9 |
| Cost of goods sold | 156,990.6 | 74,534.4 | 37,384.9 |
| Business taxes and surcharges | 499.0 | 320.3 | 343.1 |
| Management cost | 6,762.8 | 4,836.4 | 2,271.1 |
| Selling cost | 7,834.7 | 5,814.1 | 4,785.7 |
| Financial cost | 4,427.9 | 3,680.6 | 962.7 |
| Devaluation loss of assets | 545.9 | 1,505.7 | 780.0 |
| Income on investment | 399.7 | 13.8 | −17.2 |
| Operating profit | 8,988.3 | 260.6 | 1,865.1 |
| Other income | 184.3 | 1,159.2 | 110.7 |
| Other expense | 177.5 | 111.3 | 2.3 |
| Total profit | 8,995.2 | 1,308.5 | 1,973.5 |
| Income tax | 2,343.5 | 837.7 | 271.3 |
| Net profit attributable to Aspop | 6,651.6 | 470.8 | 1,702.3 |

Source: Aspop, *Annual Report* [in Chinese],2014, accessed September 18, 2017, www.neeq.com.cn/disclosure/2015/2015-04-21/1429613465\_847768.pdf; Aspop, *Stock Public Transfer Instruction* [in Chinese], 2014, accessed September 18, 2017, www.neeq.com.cn/disclosure/2014/1231/64673931.pdf.

EXHIBIT 5: DEMOGRAPHIC CHARACTERISTICS OF ASPOP’S EMPLOYEES

Table 1: Aspop’s Personnel Classification

|  |  |  |
| --- | --- | --- |
|  | **Number of People** | **% of Total** |
| Managerial staff | 67 | 12.48 |
| First-line workers | 415 | 77.28 |
| Technical staff | 9 | 1.68 |
| Marketing &sales | 46 | 8.57 |
| Total | 537 | 100.00 |

Table 2: Educational Degree of Aspop’s Employees

|  |  |  |
| --- | --- | --- |
|  | **Number of People** | **% of Total** |
| Bachelors and above | 27 | 5.03 |
| Vocational college degree | 32 | 5.96 |
| Non-college | 478 | 89.01 |
| Total | 537 | 100.00 |

Table 3: Age Composition of Aspop’s Employees

|  |  |  |
| --- | --- | --- |
|  | **Number of People** | **% of Total** |
| <30 years old | 246 | 45.81 |
| 30–50 years old | 273 | 50.84 |
| >50 years old | 18 | 3.35 |
| Total | 537 | 100.00 |

Source: Aspop, Stock Public Transfer Instruction [in Chinese], 46, 2014, accessed September 18, 2017, [www.neeq.com.cn/disclosure/2014/1231/64673931.pdf](http://www.neeq.com.cn/disclosure/2014/1231/64673931.pdf).

Exhibit 6: THE MANUFACTURING PROCESS FOR JEANS

Cutting Workshop

|  |
| --- |
|  |
| Hanging Pipeline System |
|  |
| Finishing Workshop |
|  |

Source: Aspop website, accessed September 18, 2017, http://aspop.com.cn.

1. All currency amounts are in Chinese yuan renminbi unless specified otherwise. ¥ = CNY = Chinese yuan renminbi; US$1.00 = ¥6.22 as of January 2013. [↑](#footnote-ref-1)
2. “Processing trade refers to the business activity of importing all or part of the raw and auxiliary materials, parts and components, accessories, and packaging materials from abroad in bond, and re-exporting the finished products after processing or assembly by enterprises within [mainland China];” “Processing Trade,” HKTDC Research—China Trade, March 18, 2015, accessed October 2, 2017, <http://china-trade-research.hktdc.com/business-news/article/Guide-to-Doing-Business-in-China/Processing-Trade/bgcn/en/1/1X000000/1X002LEV.htm>. [↑](#footnote-ref-2)
3. “Demographic Dividend,” United Nations Population Fund, accessed September 18, 2017, www.unfpa.org/demographic-dividend. [↑](#footnote-ref-3)
4. National Bureau of Statistics of China website [in Chinese], accessed September 18, 2017, http://data.stats.gov.cn/easyquery.htm?cn=C01. [↑](#footnote-ref-4)
5. Google Public Data Explorer, “World Development Indicators,” World Bank, accessed July 1, 2009. [↑](#footnote-ref-5)
6. National Bureau of Statistics of China, op. cit. [↑](#footnote-ref-6)
7. KHR = Cambodian riel; KHR1.0000 = ¥0.0017; US$1= ¥6.22 as of January 2013. [↑](#footnote-ref-7)
8. THB = Thailand baht; THB30.6435 = US$1.0000 as of January 2013; THB1.0000 = ¥0.1933 as of January 2013. [↑](#footnote-ref-8)
9. IDR = Indonesian rupiah; IDR1.0000 = ¥0.0005 as of January 2013. [↑](#footnote-ref-9)
10. YND = Vietnamese dong; YND1.0000 = ¥0.0003 as of January 2013. [↑](#footnote-ref-10)
11. MYR = Malaysian ringgit; MYR1.0000 = ¥1.6665 as of January 2013. [↑](#footnote-ref-11)