

# ESTABLISHMENT OF JOINT VENTURE RELATED TO REFRACTORIES FOR IRON AND STEEL INDUSTRIES, BETWEEN KROSAKI HARIMA CORPORATION AND SHOUGANG GROUP, CHINA

Krosaki Harima Corp. announced today that the Chinese government agency has authorized the establishment of a joint venture with Shougang Group (holding company of Shougang Group), China.

This joint venture will be set up in Qinhuangdao City, Hebei Province, China, for the purpose of production and distribution of refractories for iron and steel industries. The joint venture aims to sell its products in domestic market in China, primarily to Shougang Group, and the construction of its plant will be kicked off in this spring and completed by the end of this year.

While the joint venture will produce and distribute only two kinds of products: monolithic refractories for trough and runner of blast furnace; and basic monolithic refractories for steelmaking, for a while, an increase in product line will be studied in consideration of demand trends.

Krosaki Harima and Shougang Group have continuously discussed and studied the feasibility of business alliance based on utilization of their management resources, technologies and know-how in the field of refractories for iron and steel industries, and successfully set up a framework for joint business in the form of the establishment of the joint cooperation. In this joint venture, Krosaki Harima will also strive to provide best value to customers in the market and strengthen profitability through offering of refractories excellent in economical efficiency and quality.

## <Outline of the Joint Venture>

Company Name : Qinhuangdao Shougang Krosaki Refractory, Co., Ltd.  
(limited liability company)  
Address : Funingxian, Qinhuangdao City, Hebei Province, China  
Registered Assets : 22 million CNY (about 280 million JPY)  
Investment Ratio : Krosaki Harima Corporation : 50% , Shougang Group : 50%  
Sales Plan for the fiscal year 2006 : 1 billion JPY  
Number of employee : About 60  
Representatives : Chairman Liu Shui Yang  
(Vice President, Shougang Group)  
President Hiroshi Ichikawa  
(Deputy Director, Krosaki Harima Corp.)

January 31st, 2005

Company Name : Krosaki Harima Corporation  
Representative : President Teruyoshi Hiraoka  
Code Number : 5352 TSE 1st, Fukuoka

## Press Contact:

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## Reference

### <Outline of Krosaki Harima Corporation>

**Headquarter Address** : 1-1 Higashihama-machi, Yahata Nishi-ku, Kitakyushu City, Fukuoka  
**Establishment** : Oct. 1918  
**Business** : Refractories, furnace installation, real estate, advanced ceramics, etc.  
**Capital** : About 5.5 billion JPY (consolidated, as of Mar. 31st, 2004)  
**Sales** : About 75.6 billion JPY (consolidated, the fiscal year 2003)  
**Number of employee** : 2150 (consolidated, as of Mar. 31st, 2004)  
**Representative** : Teruyoshi Hiraoka (President)

### <Outline of Shougang Group>

**Headquarter Address** : 68, Shijingshan Lu, Shijingshan Qu, Beijing, China  
**Establishment** : Aug. 1919  
**Business** : Steel, mining, machinery, electronics, construction, real estate, service, trading, etc.  
**Registered Capital** : About 7.2 billion CNY (entire group, as of Dec. 31st 2003)  
**Sales** : About 47.9 billion CNY (entire group, the fiscal year of 2003)  
**Number of employee** : About 130,000 (entire group, as of Dec. 31st 2003)  
**Representative** : Zhu Jin Min (Chairman, Shougang Group)