

Sojitz Cororation

## **Sojitz Receives Order from Leading Chinese Steel Manufacturer for World's First Pickling Line & Tandem Cold Mill Dedicated to the Production of Electrical Steel**

(Japan, October 18, 2004)--Sojitz Corporation has been awarded an order by International Economic & Trading Corp. Wugang Group, which is under the umbrella of China's largest iron-making group Wuhan Iron and Steel (Group) Corporation (Head office: Wuhan, Hubei Province; President: Liu Benren). The order, valued at approximately 10 billion yen, is for a Pickling Line & Tandem Cold Mill (PL-TCM) for producing electrical steel. The equipment will be installed at WUHAN IRON AND STEEL Group company Wuhan Steel Processing Co., Ltd., located in Hubei Province. The annual production capacity of the company will be approximately 950,000 tons, with commencement of operations scheduled for September 2006. There are no existing PL-TCM in the world dedicated to the production of electrical steel, and delivery of this order will be their first emergence. MHI-Hitachi Metals Machinery, Inc. (Head office: Shiba, Minato-ku, Tokyo; President: Shunichi Miyanaga), which has the world's best track record for delivering the PL-TCM, will take responsibility for the design and manufacture of the ordered equipment.

Electrical steel is mainly used for applications such as iron cores for transformers and motors. The use of hot-rolled electrical steel that causes large energy loss has been banned in China since December 2002 due to a national policy concerning environmental protection. A method of conducting a cold rolling process, at a stage subsequent to the hot rolling process, will enable the production of energy-efficient electrical steel, and demand for the PL-TCM is expected to further increase in China.

Wuhan Iron and Steel is an iron-making company that boasts an annual crude steel production of over 8 million tons, making them the industry leaders in China. The company, which produces approximately 400,000 tons of electrical steel per year, was the first in China to commence electrical steel production, about 25 years ago, using technology introduced from Japan. Delivery of the equipment, which is part of the

Wuhan Iron and Steel electrical steel equipment expansion program, will enable the company to increase its annual production capacity to over 1,000,000 tons, leading to the establishment of a framework in which it outclasses its competitors in China.

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