

May 7, 2008

Sojitz Corporation

**Sojitz to Enter into Production and Sale of Drainpipes in the Caofeidian Industrial Zone, One of the Largest Industrial Cities in Asia**

**- Addressing infrastructure development and environmental issues in China -**

Sojitz Corporation has established Tangshan Caofeidian Sojitz Starway Composite Pipe Co., Ltd. (Head office: Caofeidian Industrial Zone in Hebei Province; Representative: Yoshihisa Suzuki), jointly with Harbin Institute of Technology Starway Industrial Co., Ltd. (Head office: Harbin, Heilongjiang Province, China; Representative: He Yiliang) in which the Harbin Institute of Technology in Heilongjiang Province has invested. Sojitz has an equity ratio of 61% in the project, the total cost of which is approximately 1 billion yen. Sojitz will enter the business to undertake the production and sale of steel-plastic composite pipes in the Caofeidian Industrial Zone in Hebei Province, where there is an ongoing industrial city development plan that is one of the largest in Asia.

The steel-plastic composite pipes to be manufactured by Tangshan Caofeidian Sojitz Starway Composite Pipe Co., Ltd. have features such as their being light weight and flexible, while maintaining adequate strength. Reductions in production cost will be achieved through a significantly reduced usage of polyethylene material, which reduction results from the application of steel reinforcement. Steel-plastic composite pipes are drawing attention as a product that can contribute to China's project for the alleviation of water pollution and water shortages, which are becoming serious problems in China.

Sojitz will send its executive officer to the new company, and will conduct management as well as providing plastic materials. Harbin Institute of Technology Starway Industrial Co., Ltd., which owns patents in areas of technology related to the production of steel-plastic composite pipes, will be responsible for providing technology and R&D. Following expansion of the production facility by 2009, Sojitz will manufacture approximately 20,000 tons of steel-plastic composite pipe per annum.

Development of the Caofeidian Industrial Zone is listed in China's Eleventh Five-Year Plan, and is positioned as a high-priority national project. Chinese companies planning to move to the Caofeidian Industrial Zone include the Shougang-Steel-Group, Aluminum Corporation of China Limited, China Petroleum and Chemical Corporation and China National Petroleum Corporation. Sojitz will not only meet environmental and infrastructure demands in the Caofeidian Industrial Zone, but will also conduct sales in nearby areas.

In January 2008, Sojitz established a committee to promote environmental and new energy businesses, and has been working across the Group to discover new businesses in those areas, such as businesses related to water treatment. The Caofeidian Industrial Zone has been designated as a 'model city of environment-conscious circular economy', and a number of projects related to the environment are under review there. With the subject project as a foothold, Sojitz aims to participate in other projects, such as those related to water treatment.



**[Steel-plastic composite pipes to be manufactured in the Caofeidian Industrial Zone]**

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