

**Dowa Thermotech Accelerates Overseas Expansion of Heat Treatment Business  
Moves to Establish Heat Treatment Joint Venture Company in China**

Dowa Thermotech Co., Ltd. (14-1 Sotokanda 4-Chome, Chiyoda-ku, Tokyo; Capital: ¥1,000 million; President: Toshiro Sumida), a subsidiary of Dowa Holdings Co., Ltd. (same location; Capital: ¥36,400 million; President: Masao Yamada), has agreed to establish a joint venture company in China that will manufacture heat treatment equipment, together with Taiwan's Jun-En Enterprise Corporation (head office: Kaohsiung City, Taiwan), which operates heat treatment furnace manufacturing and processing companies in China.

China has become the world's largest producer of automobiles and its economy continues to grow. The size of the Chinese domestic market for atmosphere heat treatment furnaces, the flagship product of Dowa Thermotech's industrial furnace division, is forecast to grow from an estimated ¥17 billion in 2009 to ¥25 billion in 2015. In line with this expansion of the market, Dowa Thermotech Co. Ltd. will accelerate its business expansion by building a production base in China, targeting not only Japanese manufacturers but local Chinese manufacturers who are expected to expand their market share in the future.

Jun-En Enterprise Corporation, which is joining with Dowa Thermotech for the joint venture, is a company whose core businesses are the manufacturing of metal mesh for industrial and transportation use and the production of equipment for its manufacture. The company has expanded to operate two companies in Taiwan and already four companies in China (one of which has engaged in a joint venture with a Japanese company in the past), and enjoys a wealth of business experience in China. In this latest joint venture, by combining Jun-En Enterprise Corporation's expertise in the construction and operation of heat treatment furnaces in China with Dowa Thermotech's extensive manufacturing technologies for batch-type and continuous-type furnaces, relationships of trust built up with Japanese manufacturers to date and a delivery track record, both companies will seek to launch and expand the business in a smooth manner. In addition to heat treatment furnaces, the companies also plan to take advantage of the joint venture to expand businesses for consigned processing in the areas of carburizing heat treatment and surface treatment.

The joint venture is set to be located in Kunshan City, Jiangsu Province, China. Kunshan City borders Shanghai City to the west, and is situated along the best route of transportation between Shanghai and Suzhou. Following the plant's construction in the area, operation is scheduled to commence at the end of March, 2011.

The Dowa Group has already established a present in China with its environmental management and recycling business and with its metal processing business. As it shifts its entry into China into full swing with this joint venture, Dowa Thermotech Co., Ltd. will also seek to strengthen its operating base overseas as well as in Japan, building up its existing Thailand base and considering the establishment of a new base in Asia, such as in India.

[Outline of the Chinese Joint Venture Company]

- Company Name: Kunshan Dowa Industrial Furnace, Co., Ltd. (tentative name)
- Capital: US\$ 12 million (approximately ¥1.1 billion)
- Investment Ratio: Dowa Thermotech Co., Ltd. 70%, Jun-En Enterprise Corporation 30%
- Location: Qiandeng Zhen Industrial Zone, Kunshan City, Jiangsu Province, People's Republic of China (planned)
- Business Activities: Manufacturing and sales of heat treatment furnaces, heat treatment processing, etc.
- Time of establishment: Around May, 2010
- Start of Business: Around March 2011