

August 17, 2009

TRI Establishes a Joint Venture for Manufacturing and Marketing Anti-vibration Rubber and Air Springs for Rolling Stock in China

Tokai Rubber Industries, Ltd. (hereafter TRI) and Sumitomo Electric Industries, Ltd. (hereafter SEI) have agreed to jointly establish a new company, which manufactures and sells anti-vibration rubber and air springs for rolling stock, in cooperation with KTK Group Co., Ltd. (hereafter KTK) in Jiangsu, China.

Anti-vibration rubber for rolling stock is the most important functional component to ensure safety and comfortable ride. TRI has the largest share for anti-vibration rubber for automobiles in the world market, and also for rolling stock in Japan including a wide range of use with the Shinkansen N700 series.

Today in China, the high-speed railways which connect main cities with the routes of approximately 16,000 km, are planned to be constructed by 2020, and the demand for rolling stock has been rapidly expanded since the improvement of subway system in large cities has been developed. Also, since the Chinese government has announced the domestic product policy of rolling stock, the domestic products, even parts like anti-vibration rubber for rolling stock, are chosen preferentially.

Recently, together with SEI, which has examined the expansion of sales of air springs for rolling stock in China, we have agreed to establish the joint venture with KTK as a partner, which has gained a large share by developing their business widely including interior parts for rolling stock and display device etc., and we conducted a signing ceremony on August 16. In addition, Wujin district, Changzhou city, Jiangsu province, which has been growing as a major center of Chinese railroading, has supported us greatly for the examination of this joint enterprise. As a new venture, we are going to manufacture and sell anti-vibration rubber and air springs for rolling stock which are mounted to railway bogies. We also expect a synergetic effect of the joint venture in product design and sales.

【Outline of the joint venture】

- (1) Name: KTS High-Tech Rubber Co., Ltd. (tentative)
- (2) Location: Changzhou city, Jiangsu, China
- (3) Capital: 30 million Chinese yuan (approx. 400 million yen)
- (4) Ratio of capital contribution: TRI 27.5%, SEI 27.5%, KTK 45%
- (5) Management officers: 1 from TRI, 1 from SEI, 2 from KTK
- (6) Employees: 50 (for 2012)
- (7) Lines of business: Manufacturing and sales of anti-vibration rubber and air springs for rolling stock
- (8) Period of establishment: September 2009 (planned)
- (9) Start of production: February 2010 (planned)
- (10) Sales budget: 170 million Chinese yuan (approx. 2 billion and 400 million yen) (for 2012)

1. Outline of KTK Group Co., Ltd.

- (1) Name: KTK Group Co., Ltd.
- (2) Location: Changzhou city, Jiangsu, China
- (3) Established: 2003
- (4) Capital: 120 million Chinese yuan (approx. 1 billion and 700 million yen)
- (5) Representative: Yu Jinkun
- (6) Net sales: 1500 million Chinese yuan (approx. 21 billion yen) (2008)
- (7) Lines of business: Design and manufacture of interior automotive trim, lighting, electric equipment etc.
- (8) Employees: 2100

2.A signing ceremony (on August 16,2009)



From the left, President Katsu of KTK, Senior Managing Director Takenaka Of SEI, President Nishimura of TRI, Director Su of Development Zone.