

October 17, 2012  
Shinko Seiki Co., Ltd.

Re: Capital/Business Alliance in Vacuum Equipment Business

Hitachi Zosen Corporation (Suminoe-ku, Osaka; Minoru Furukawa, President, hereinafter called “Hitachi Zosen”) and Shinko Seiki Co., Ltd. (Nishi-ku, Kobe; Tadashi Mashimo, President, hereinafter called “Shinko Seiki”) have agreed, with the intention of expanding the precision machinery business, to form a capital/business alliance in the field of vacuum equipment and entered into an agreement dated September 27, 2012 whereby Hitachi Zosen will become the largest shareholder of Shinko Seiki by accepting Shinko Seiki’s third party allocation of increased capital shares.

The Hitachi Zosen Group is developing various businesses based on vacuum technologies including evaporation machines, sputtering machines, valves for vacuum equipment, etc. Recently, they successfully developed planar evaporation sources for organic layer deposition, a proprietary technology of theirs, which is contributing to increased orders for organic EL manufacturing equipment for mass production. On the other hand, Shinko Seiki has been engaged in the development, design and manufacture of vacuum equipment ever since 1951 and abounds in practical accomplishments with vacuum equipment systems such as plasma polymerization equipment, ion plating equipment, DLC equipment and vacuum soldering equipment.

The capital/business alliance this time will enable the two parties to accept turnkey orders for building production lines with various vacuum systems, by combining “new technologies possessed by Hitachi Zosen, including planar evaporation sources for organic layer deposition, and the engineering capabilities they have cultivated by constructing waste incineration facilities and chemical plants” with “Shinko Seiki’s know-how for manufacturing various types of vacuum equipment.” In addition, with respect to travelling type roll-to-roll coating equipment, the two companies will accelerate joint development with the aim to expand sales in the FPD and solar cell market where film making is becoming more sophisticated. As for vacuum pumps, another business pillar of Shinko Seiki’s, business will be developed overseas utilizing Hitachi Zosen’s overseas operating bases and working hand-in-hand in both sales and procurement. Furthermore, business coordination between one of Hitachi Zosen’s group companies, V TEX Corporation (Shinagawa-ku, Tokyo; Yasuhiro Maeda, President), a vacuum valve manufacturer, and Shinko Seiki will be strengthened in an effort to develop systems that combine vacuum pumps and vacuum valves.

Hitachi Zosen has set a goal of achieving 50 billion yen in annual sales of precision machinery from the current 30 billion yen, in its long-term “Hitz 2016 Vision” during the period from FY2011 to FY2016. The precision machinery center established this year at Hitachi Zosen’s Chikkou Works will be fully utilized for that purpose and, through the alliance formed this time with Shinko Seiki, business will be expanded further down the road.

An outline of the alliance is as follows.

Corporate Name	Hitachi Zosen Corporation	Shinko Seiki Co., Ltd.
Location	1-7-89 Nankokita, Suminoe-ku, Osaka	3-1-35 Takatsukadai, Nishi-ku, Kobe
Representative	Minoru Furukawa, Director, Chairman & President	Tadashi Mashimo, Representative Director & President
Business	Design and construction of environmental systems, industrial plants, machinery, process equipment, infrastructure, precision machinery, etc.	Development, manufacture and sales of vacuum instruments, vacuum pumps, precision electric furnaces and optical instruments
Capital	45,442 million yen	300 million yen (Before capital increase allocated to third party)
Accounting Date	March 31	December 20
Transfer of shares	Shares of Shinko Seiki owned by Hitachi Zosen Before transfer: 0 share After transfer: 1,500,000 shares (Ownership ratio: 20%)	Total shares issued Before transfer: 6,000,000 shares After transfer: 7,500,000 shares