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For immediate release



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Yokohama Rubber to Establish a High-pressure Hose Assembly and Sales Subsidiary in China

Market Research is Another Important Mission of the New Company

Tokyo—The Yokohama Rubber Co., Ltd., today announced that it would establish in December of this year Yokohama Hose & Coupling (Hangzhou) Co., Ltd., a subsidiary for assembling and selling high-pressure hoses and their metal fittings in China. The subsidiary's plant will be located in the Economy and Technology Development Zone, Hangzhou City, Zhejiang Province and begin operation in April 2005. The new company will be capitalized at 350,000 U.S. dollars.

In China, the demand for construction machinery is increasing rapidly because of consecutive large-scale projects for the development of social infrastructures that are necessary for holding the Beijing Olympic Games in 2008 and the Shanghai Expo in 2010. High-pressure hoses are a component indispensable for the hydraulic device used in construction machinery. Yokohama Rubber has been manufacturing the hoses in Japan and supplying them to Chinese plants of Japanese construction machinery makers on an OEM basis. However, Yokohama Rubber has decided to establish a local bases for assembling and marketing the hoses in order to respond to the needs from construction machinery makers in a timely manner and further expand sales by utilizing local market information gathered through the base as an antenna.

At least for the time being, the new company will concentrate on the OEM business with Japanese construction machinery makers. At the same time, however, it will proactively conduct market researches in connection with the demand for replacement high-pressure hoses, which is expected to increase sharply. It also plans to begin local production of metal fittings as soon as possible.

Outline of Yokohama Hose & Coupling (Hangzhou) Co., Ltd.

Location: Economy and Technology Development Zone, Hangzhou City, Zhejiang Province, China
Establishment: December 2004 (Operation scheduled to begin in April 2005)
Paid-in capital: 350,000 U.S. dollars
Lines of business: Assembly and Sale of high-pressure hoses

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