

## Noritz Group Achieves Zero-Emission Status at All Plants

In fiscal 2004, members of the Noritz Group were successful in attaining zero-emission status at all 13 of their manufacturing plants. Zero-emission status means that the plants emit no waste that has to be disposed in landfill sites.\*

The first plant to reach zero-emission status—in April 2003—was that of Group company Taisei Kogyo Corporation, which manufactures heat-exchange and other water-heating equipment. In September 2003, three of Noritz's plants—namely, the NAM Plant office, Akashi Plant, and Tsuchiyama Plant—also attained zero emissions. These three plants all manufacture water-heating equipment, and they were the first water-heating equipment production facilities in Japan to reach zero-emission status. Also, in December 2003, our Tsukuba Plant and Kakogawa Plant, both of which manufacture system bathrooms, reached zero emissions. During 2004, this status was also attained by the facilities of Group companies RB Corporation, Kanto Sangyo Co., Ltd., Tada-Smith Company, Ltd., and Suoh Kinzoku Kogyo Co., Ltd.

\* The definition of zero-emission status differs from company to company. Noritz defines this status as when the volume of waste recycled by all recycling methods (material recycling, chemical recycling, and thermal recycling) reaches 99% or more for three consecutive months.

## New Company and Showroom Established in Shanghai

On June 11, 2004, the Company set up Noritz (Shanghai) Home Appliance Co., Ltd., to be in charge of manufacturing water-heating and other equipment in Shanghai, China. The company has acquired approximately 160,000 square meters of land in the Feng Xian district of Shanghai and is planning to build a new plant as a strategic manufacturing center for supplying China and eventually other markets as well. The first stage of the project calls for construction of buildings with a total floor area of 450,000 square meters. This facility is scheduled to go into operation in 2007 and will involve capital investment of about ¥4.0 billion. The new plant will meet rising demand for gas water-heating equipment in China and respond to the increase in sales of gas water heaters in the United States, Oceania, and other markets. The Company's total production capacity for water-heating and other equipment, including the existing facilities of Shanghai Noritz, is expected to rise to 1.2 million units in 2010.

In addition, on October 11, 2004, Shanghai Noritz opened its first showroom in Shanghai. The opening ceremony for the showroom was attended by the management of approximately 30 local real estate companies. As the housing environment in Shanghai is improving rapidly, Shanghai Noritz is working to encourage sub-users and end users, including local real estate and interior decorating companies, to adopt the latest high-performance water-heating equipment. Exhibits on display in the new showroom include the first warm-water built-in floor heaters and many other products that potential customers can view firsthand and will provide hints for new lifestyles.

Thus far, gas water heaters and other housing fixtures and decorations have been supplied to customers in "do-it-yourself" form, for users to install themselves. But, in recent years, as the trend toward a free economy in China has accelerated, real estate companies have begun to install equipment and interior items in high-value-added condominiums sold to more affluent customers. Shanghai Noritz is working with local real estate developers and other types of companies to incorporate Noritz's high-performance water-heating equipment in their home designs. The opening of the new showroom is well-timed to provide impetus for these marketing activities.