

Press release

November 8, 2006

To whom it may concern.

Maruichi Steel Tube Ltd.
President
Hiroyuki Suzuki

Business alliance and Capital investment to Sun Steel Corporation (Vietnam)

Our board of directors have approved at the board of directors meeting to form business alliance with Sun Steel Corporation (hereinafter called "Sunsco", currently owned by Sunscos Holding Company 91.0% and Toyota Tsusho Corporation 9.0%) and to subscribe Sunscos proposal for capital increase allotted to third party and Sunscos will be one of Equity Method Investees in our group companies.

1. Purpose of alliance

During past 5 years, Vietnam has advanced its economy at more than 7% growth and Vietnam market is very potential market together with Thailand market. By investing to Sunscos, we will be able to expand our business toward South East Asian market.

Sunscos is a tube and pipe manufacturing company established by Ta Fong Irons Co., Ltd., Eve Stars Investment Co., Ltd. and other Taiwanese investors in 1996, and have developed its business field toward not only the production of galvanized steel sheet, color coating steel sheet and deformed bar but also operating coil distribution center (The deformed bar production facilities are not in operation at the present due to depressed market situation). In February 2007, the operation of 6Hi, 4 feet width cold reduction mill under construction at the present will be expected.

Since last year, due to decline of steel market, delay of CGL operation start-up and investment to cold reduction mill, Sunscos suffer net loss in their account and currently face with shortage of operating fund. However, the level of Sunscos facilities and employee's enthusiasm for work is superior and we are sure that Sunscos will be able to expand their business field and return to sound financial position through our business alliance and investment, and consequently we have decided to subscribe their proposal for capital increase. Meantime, there is no loan guarantee for this investment.

2. Details of alliance and investment

Business alliance

- 1) Advice on the improvement of their tube and pipe manufacturing facilities, products quality and operational technology.
- 2) Technical advice and operational advice on galvanizing line and cold reduction mill.

- 3) Advice for the company's management.
- 4) Support for procurement and sales, especially for the sales to Japanese companies in Vietnam.

Investment

Out of the proposed new capital increase of US\$32,500,000, we shall subscribe US\$26,300,000 and the payment to be done by the end of November, 2006. Our holding percentage of total capital of SunSCO will be 35.3%. Apart from our investment, Toyota Tsusho Corporation will invest US\$3,700,000 and SunSCO Holding Company, Cayman will invest US\$2,500,000.

3. Outline of SunSCO

- 1) Name : Sun Steel Corporation (Name changed in August 1, 2002 from Vina Ta Fong Iron & Steel Co., Ltd.)
- 2) Main business: Manufacturing and sales of Steel tube and pipe, Galvanized steel sheet, Color coating steel sheet, Cold steel sheet and Deformed bar, and Coil Center operation.
- 3) Established : June 3, 1996
- 4) Location : 743 Rd., Zone A, Dong An Hamlet, Tan Dong Hiep Community, Di An County, Binh Doung Province, Vietnam
- 5) Executive Officer: Mr. Tsai, Yung Ta, Chairman
Mr. Tommy Chang, General Director
- 6) Capital : US\$41,915,716 (as at End August 2006)
- 7) Employee : 533
- 8) Financial results:

	<u>Sales</u>	<u>Profit/Loss</u>
December 2004	US\$103 million	US\$6.4 million
December 2005	US\$83 million	Loss US\$9.5 million
- 9) Net asset: US\$39.4 million (as at End December 2005)

4. Current plant facilities

Steel tube and pipe manufacturing line	for ordinary steel	7
	for stainless steel	11
Steel tube and pipe hot-dip galvanizing line		1
Steel sheet continuous galvanizing line (CGL)		1
Color coating line (CCL)		1
Deformed bar production line		1
Slitter and leveler shear		several
Self generating power facilities	2 units (Total 12,000Kw)	

5. Future financial affect

We will disclose our financial affect brought from this alliance and investment upon cleared.

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