



PRESS RELEASE

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JGC Finalizes Process License Agreement for Hydrogen Sulfide and Sodium Sulfide in China

Yokohama, Japan - JGC Corporation announced today that on February 26th, it signed a license agreement for its proprietary hydrogen sulfide and sodium sulfide production process technology with Zhejiang Engineering Design Co., Ltd in China, to serve as a proxy for licensing the technology to Chinese clients.

Hydrogen sulfide is used as a feedstock during production of sulfur-containing compounds. Demand has increased significantly, particularly in recent years, for use in the production of engineering plastic (PPS) and methionine. PPS has a high level of strength and heat tolerance, and is increasingly used in consumer electronics and electronic devices of all sorts. Methionine, an essential amino acid, is increasingly produced for use in poultry feed. Worldwide, the demand for PPS and Methionine is expected to top 300 billion yen in the near future.

The process technology developed by JGC involves two reactions between sulfur and hydrogen, the first using heat, the second using a catalyst. Together, the two reactions achieve a 99.9% yield of stable hydrogen sulfide. JGC developed a second process for producing sodium sulfide, which uses hydrogen sulfide as a feedstock. The process technology has the advantages of being both safe and compact, and is already in use at five separate plants in Japan.

ZEDC is a subsidiary of Juhua Group, which we maintain good relationship through CDM business by the capture and storage of HFC23, a greenhouse gas. Under the comprehensive agreement, ZEDC will be able to sign the first contract licensing practical use of the process to a Chinese client.

This is the first time JGC has promoted its proprietary technology in another country via a domestic intermediary in that country. For JGC, developing a firm relationship of trust and cooperation with Juhua Group has the following large advantages:

1) We are able to draw on Juhua Group's large network in the Chinese chemical industry

to expand the licensing of our proprietary technology in China.

- 2) Since we share business goals with ZEDC, even in the case of an intellectual property rights problem, we will be able to use our close ties to solve the problem quickly and efficiently.
- 3) We will be able to expand our engineering business in China through our connection to ZEDC, outside of the environmental business we have cultivated through Juhua Group.

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