



New Strategic Partnership Formed for Water Treatment Project in China

TOKYO, Japan – June 27, 2018 – Toray Industries, Inc. ("Toray"), ORIX Corporation ("ORIX"), and China Water Affairs Group Ltd. ("China Water Affairs"), which is engaged in water and sewage businesses in China, announced the conclusion of a strategic partnership to undertake water treatment and aquatic environment projects in China.

With the recent rapid economic development in China and concentration of the population in urban areas, environmental pollution is getting worse. In response, the government has been strengthening environmental regulations, for example revising the environmental protection laws completely in 2015. Quantitative and qualitative water shortages are also becoming a significant issue. Due to a management model of water supply and deterioration of water supply facilities such as piping, tap water tends to be drunk by once coming to the boil, and the demand for improved quality is rapidly increasing for sewage and industrial wastewater, too.

Through this partnership, China Water Affairs will operate water supply facilities using Toray's superior membrane filtration technology, to supply tap water suitable for drinking straight in residences, schools, city halls and so on in various regions of China. The partnership also aims to foster a cultural shift toward drinkable tap water directly. In addition to providing water treatment membrane technologies for upgrading existing and constructing new sewage treatment facilities, the companies will collaborate in expanding sales channels for Toray's household water purifiers. In the future, the partnership will aim to expand water purification and wastewater treatment technologies to close the gap between urban and rural areas, by extending sewage treatment facilities that China Water Affairs mainly operates in urban areas into rural areas.

As a global water treatment membrane manufacturer offering reverse osmosis (RO), nanofiltration (NF), ultrafiltration (UF), microfiltration (MF) and membrane bioreactor (MBR) solutions, Toray has been active with these technologies within the Chinese market since the 1980s. Toray has supplied water treatment membrane products used for drinking and industrial water treatment, seawater desalination, and wastewater reclamation, to help improve China's aquatic environment and prevent water shortages. To serve domestic water purification needs, Toray launched Torayvino in China in 2007, a technology that boasts the top share in the Japanese residential water purification market*. Toray is currently marketing products with a focus on filters that are attached directly to the faucet or point-of-use.

ORIX established China's first leasing company in 1981, and it has been developing financial services in China, taking advantage of its experience and expertise in Japan and overseas. In 2009, ORIX (China) Investment Co., Ltd. was established in Dalian to serve as ORIX's Chinese headquarters. In 2010, ORIX undertook a strategic partnership in the environmental field with the Chinese Academy of Sciences, the state-owned natural sciences research institute, and it has pursued various other business developments. In 2011, ORIX invested in China Water Affairs, aiming as a major shareholder, to support its business expansion and serve as a bridge to Japanese companies' superior technologies and expertise.

China Water Affairs is a comprehensive water treatment company listed on the Hong Kong Stock Exchange. It operates water supply facilities in more than 50 regional cities in China and sewage facilities in more than 20 regional cities. It also handles peripheral projects including infrastructure maintenance. In addition to the development and operation of its own facilities, the company invests in state-owned enterprises under the umbrella of local governments with water and wastewater facilities. By providing expertise in improving and



operating facilities, China Water Affairs is involved in the management of high value-added water treatment facilities and the provision of related services.

Toray, ORIX and China Water Affairs will undertake further collaboration to maximize the resources, expertise and predominance of each company by further examining the content of projects enabled by this alliance.

*Actual POS results at volume retailers throughout Japan from January to December 2017



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**About Toray:**

Toray Industries, Inc., founded in 1926, is an integrated chemical industry group developing its businesses in 26 countries and regions worldwide. Its consolidated revenues for fiscal 2017 (ended March 31, 2018) totaled 2,204.9 billion yen (\$20.8 billion). In addition to the fibers & textiles created at the time of its establishment, Toray has gone on to create cutting-edge, high value-added products including films, fine chemicals, plastic resins, electronics & information-related products, as well as carbon fiber composite materials, pharmaceutical and medical products, and products for the water treatment and environmental fields. For more information on Toray, please visit the company's website at <http://www.toray.com>

About ORIX:

ORIX Corporation (TSE: 8591; NYSE: IX) is an opportunistic, diversified, innovation-driven global powerhouse with a proven track record of profitability. Established in 1964, ORIX at present operates a diverse portfolio of businesses in the operations, financial services, and investment spaces. ORIX's highly complementary business activities span industries including: energy, private equity, infrastructure, automotive, ship and aircraft, real estate and retail financial services. ORIX has also spread its business globally by establishing locations in a total of 38 countries and regions across the world. Through its business activities, ORIX has long been committed to corporate citizenship and environmental sustainability. For more details, please visit our website: <https://www.orix.co.jp/grp/en/>
(As of March 31, 2018)

About China Water Affairs:

Operations: Water-related business such as sewage treatment and provision of water across China.

Location: Hong Kong

Established: July 2003

Representative: Duan Chuan Liang

Revenue: 5,708 million HK\$ (As of March 31, 2017)

Equity stake: Duan Chuan Liang(29.43%), ORIX(18.27%), Asset Full Resources Limited(13.68%)

http://www.chinawatergroup.com/index_eng.asp

Caution Concerning Forward Looking Statements:

These documents may contain forward-looking statements about expected future events and financial results that involve risks and uncertainties. Such statements are based on our current expectations and are subject to uncertainties and risks that could cause actual results that differ materially from those described in the forward-looking statements. Factors that could cause such a difference include, but are not limited to, those described under "Risk Factors" in the Company's annual report on Form 20-F filed with the United States Securities and Exchange Commission and under "(4) Risk Factors" of the "1. Summary of Consolidated Financial Results" of the "Consolidated Financial Results April 1, 2017 – March 31, 2018."