

TACHI-S CO., LTD.

3-3-7 Matsubara-cho, Akishima-shi, Tokyo

Securities code: 7239

July 2006

Changes Regarding China subsidiary

Tachi-S Co., Ltd. (Tachi-S) is pleased to announce that its board of directors has resolved to sell all of its stocks in its joint venture, Xi'an Qintai Seat Co., Ltd. located in Xian city, China.

Xi'an Qintai Seat Co., Ltd. was established in February 2001 as a joint venture of Tachi-S, Xi'an Qinchuan Development Group (Head office in Xian, China, hereinafter referred to as Xi'an Qinchuan) and Asahi Trading Co., Ltd. (Head office in Chuo-ku, Tokyo) to manufacture and sell seats for small vehicles. The company's automaker clients, however, changed their business aims as they were sold to private companies, and the prospect of securing the stable orders for car seats that had been anticipated at the startup stage grew weaker. Because of this, and as a result of negotiating the direction and future image for continuation of business with the two other participants, Xian Qinchuan (China) agreed to buy our share of the equity. The sales value is 2,100,000 yuan (about 30 million yen), and the payment period is planned for this July. The influence of this sum is expected to lead to a sales loss of around 39 million yen.

Tachi-S is intending to exploit its limited management resources together with its accumulated Chinese business expertise for its existing business in China, and to further develop a China business strategy.

Outline of the company:

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| (1) Name: | Xi'an Qintai Seat Co., Ltd. |
| (2) Address: | 13 Xingfu Zhonglu, Xian, China |
| (3) Capital: | 10 million yuan |
| (4) Capital ratio: | Tachi-S 47.5%
Xi'an Qinchuan 47.5%
Asahi Trading Co., Ltd. 5% |
| (5) Establishment: | February 5, 2001 |
| (6) Representative: | Chairman Masanobu Takahashi |
| (7) Business purposes: | Production and distribution of car seats |
| (8) Number of employees: | About 60 |