

March 12, 2004

## Mitsui Chemicals Files for Approval of China PTA Investment

With the aim of expanding its core purified terephthalic acid (PTA) business by establishing a production site in China, Japan's leading chemical company Mitsui Chemicals, Inc. (MCI) has filed for approval on setting up a manufacturing and sales subsidiary in Jiangsu Zhangjiagang Free Trade Zone (FTZ) where the company plans to construct a PTA plant complex, MCI announced today.

The main points of the investment application filed with the FTZ authorities yesterday are as follows:

Company Name:	Mitsui Chemicals (Zhangjiagang) Limited Liability Company
Ownership :	100% owned by MCI
Location:	Zhangjiagang Free Trade Zone, Jiangsu Province
Nature of Business:	Production and sale of PTA
Plant Capacity:	600,000 ton/yr (Based on MCI's proprietary technology)

In the background of MCI's move this time is the company's new Medium-term Business Plan covering 2004 through 2007, under which MCI has adopted the strengthening of the profitability of its Petrochemicals & Basic Chemicals Sector (P&BC) as a basic strategy together with the expansion and growth of MCI's other business sector, namely, Performance Materials Sector. In particular, MCI positions expansion of production capacity at optimal sites in Asia as one of the priority business strategies for boosting the profitability of P&BC's aromatics chain business focused on PTA and phenol.

As a principal raw material of polyester fibers and PET bottles, PTA is faced with a remarkably increasing demand in Asia which grew by 8 million tons over the past five-year period at an average annual rate of 11%, from 12 million tons in 1998 to 20 million tons in 2003. In particular, the company's decision to apply for investment approval this time is based on its judgment that setting up a local production site in China would be indispensable in order to capture further demand in the Chinese market where the already booming demand is expected to undergo further expansion.

Currently holding the second place in Asia in terms of production capacity, and with manufacturing sites located in Japan, Thailand and Indonesia, MCI is developing its PTA business across the whole of Asia. In Thailand, Siam Mitsui PTA Co., Ltd. (SMPC), one of MCI's joint ventures with the local Siam Cement Group, is currently constructing its 500,000-ton/yr No. 3 PTA plant at Mab Ta Phut for coming on-stream in the autumn of 2005.

The Chinese plant for which the investment application was filed this time would represent MCI's next capacity expansion step after the new Thai plant becomes operational, with a 500,000-square meter plot of land already secured at the Zhangjiagang site which would accommodate construction of three 600,000-ton/yr-class PTA plants.

In line with its business strategy, the company intends to continue building up its capacities at optimal sites in order to strengthen the profitability of the aromatics chain business including PTA and phenol, and further push ahead with the expansion and strengthening of those core businesses.

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## Mitsui Chemicals Group's PTA Production Capacity

Unit: 1,000 ton/yr

Plant Owner	Plant Site	Unit	On-stream Year	Production Capacity		Production Capacity (After China PTA Completion)
				(March 2004)	(Autumn 2005)	
Mitsui Chemicals	Iwakuni, Japan	No. 1	1976	190	190	190
		No. 2	1985	160	160	160
		No. 3	1990	400	400	400
Amoco Mitsui PTA Indonesia	Merak, Java, Indonesia	No. 1	1997	450	450	450
Siam Mitsui PTA	Mab Ta Phut, Thailand	No. 1	1999	450	450	450
		No. 2	2002	450	450	450
		No. 3	Autumn '05 (Scheduled)		500	500
(Application this time)  Mitsui Chemicals (Zhangjiagang) LLC	Zhangjiagang, Jiangsu, China	No. 1				600
<b>Cumulative Total Capacity</b>				2,100	2,600	3,200