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## Mitsui Chemicals to Establish PP-based Automotive Materials Company in China

In order to strengthen its polypropylene ("PP")-based automotive materials business in China, Japan's leading chemical company Mitsui Chemicals, Inc. ("MCI") has decided to establish in May this year a new Chinese subsidiary embodying production, sales and technical service functions in southern China.

The main points of the envisaged new company are as follows:

Company Name (Tentative Name)	: Mitsui Chemicals Plastic Compounds (Zhongshan) Co., Ltd.
Ownership	: 100% owned by MCI
Location	: Zhongshan Torch Hi-tech Industrial Development Zone, Zhongshan, Guangdong Province
Nature of Business	: Production and sale of PP-based automotive materials
Plant Capacity	: 15,000 ton/yr
On-stream	: Spring of 2005

Behind MCI's planned move this time is the company's new Medium-term Business Plan covering 2004 through 2007, under which MCI has adopted strengthening the profitability of its Petrochemicals & Basic Chemicals Sector ("P&BC") as a basic strategy together with the expansion and growth of the other business sector, namely, Performance Materials Sector. In particular, MCI has positioned PP-based automotive materials ("PP materials") as being central to the overall PP business which is one of the core businesses of P&BC.

MCI's strategy for the PP materials business is in boosting its profitability by establishing a comprehensive production, sales and technical service setup to supply high-quality PP materials to the four major regions of the world, namely, Japan, other Asia, North America and Europe, in step with the global expansion of the Japanese car manufacturers.

Automobile production in China is expected to continue growing rapidly from now on, having already expanded sharply from 3.25 million units in 2002 to 4.39 million units in 2003 according to the China Association of Automobile Manufacturers, and thereby attained the No. 4 position in the world after the U.S., Japan and Germany. In terms of sales volume, China is already No. 3 worldwide. PP materials demand in southern China, in particular, is expected to increase significantly from now on in view of the Japanese car makers' plans for new plant construction and capacity expansion in that region.

It is with such a backdrop that MCI has decided to newly set up a production site in southern China this time in addition to the existing Shanghai Mitsui Plastic Compounds Ltd. ("SHMPC"), owned 16.7% by MCI and already operational in Shanghai, and to integrally operate the two together in order to achieve a further strengthening of stable supply capability and cost competitiveness of the PP materials business.

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## Mitsui Chemical Group's Worldwide Production Sites For PP-based Automotive Materials

(Unit: 1,000 ton/yr)

Region	Company Name	Head Office Location	Anticipated Production Capacity ('05)
Japan	Mitsui Chemicals, Inc.	Tokyo	200
N. America	Advanced Composites Inc.	Ohio, U.S.A.	135
Mexico	Advanced Composites Mexicana s.a.de c.v.	Mexico	12
Europe	Mitsui Chemicals Europe GmbH	Duesseldorf, Germany	(10)*
Thailand	Grand Siam Composites Co., Ltd.	Bangkok	40
China	Shanghai Mitsui Plastic Composites Ltd.	Shanghai	24
	New Company (Tentative Name: <b>Mitsui Chemicals Plastic Composites Co., Ltd.</b> )	Zhongshan, Guandong Prov.	<b>15</b>
Total			436

(\*) Toll production