

March 26, 2004

SINOPEC and Mitsui Chemicals in Joint BPA Study

China's Sinopec Corp. and Japan's leading chemical company Mitsui Chemicals, Inc. (MCI) have entered into a letter of intent (LOI) yesterday, March 25, 2004, in which they basically agreed to conduct together a full-scale study for establishing a bisphenol-A (BPA) joint venture in China based on a new world-scale plant, MCI announced today.

Sinopec Corp., a publicly listed member company of the China Petrochemical Corporation (SINOPEC) Group, has been studying the possibility of newly commercializing BPA at SINOPEC Shanghai Gao Qiao Company (Gaoqiao) which is a refining and chemicals branch company of Sinopec Corp. in Shanghai.

MCI, on the other hand, has been making a study into establishing the next production site for BPA, one of MCI's core businesses, in China where the demand for BPA as a polycarbonate raw material is rapidly expanding.

It was with such a background that Sinopec Corp. and MCI have been making preliminary joint studies based on a common recognition that they could further enhance their respective competitive strength in a business environment marked by ever-intensifying international competition, if Sinopec Corp. having China's largest phenol (PHL) production capacity and Asia's largest PHL/BPA maker MCI cooperated in the field of BPA which is a PHL derivative.

Execution of the LOI yesterday came as a result of the parties' having agreed to conduct a full-scale joint study from now on for establishing a BPA joint venture company on an equal basis.

The main points of the JV company and its BPA plant construction project as they are currently envisaged, are as mentioned below:

As for the raw material PHL supply, the parties have agreed on the BPA plant's receiving its requirements under an internationally competitive pricing arrangement, from the PHL plant Gaoqiao is currently constructing at Shanghai Chemical Industry Park, Caojing.

JV's Tentative Name:	Not yet decided.	
Capital (RMB) :	Undecided	
Shareholding Ratio:	50%/50%	
Scheduled Establ. Date:	December 2004	
Company Location:	Shanghai Chemical Industry Park (Caojing, Shanghai)	
Nature of Business:	Production and sale of Bisphenol-A	
Plant Capacity:	120,000 ton/yr	
Construction Schedule:	Start:	January 2005
	Completion:	July 2006