



Mitsubishi Gas Chemical Company, Inc.  
May 28, 2009

### **MGC establishes new subsidiary in China**

Mitsubishi Gas Chemical Company, Inc. ("MGC") today announced its decision to establish a new subsidiary in China.

#### **1. Purpose of subsidiary**

MGC has decided to establish a subsidiary in the Shanghai Chemical Industry Park in the suburbs of Shanghai, China. The new company will operate as a comprehensive polycarbonate ("PC") business, engaging in neat resin and compounds production as well as the provision of technical solutions. It is planned that Mitsubishi Engineering-Plastics Corporation ("MEP") will participate as an investor in the new subsidiary.

An interface-method PC production facility, forming the core operation of the new subsidiary, is scheduled to begin commercial production in April 2012 at an annual production capacity of 80,000 tons, with a capacity increase to 100,000 tons planned for a later stage. In anticipation of the start of production a technical center will begin operating in August 2011. All of the PC produced by the new subsidiary will be sold through MEP under the Lupilon® brand.

MGC's new medium-term management plan, which took effect in April 2009, positions the PC business as a core business area of *growth* and *competitive advantage*. By establishing a centralized base for MGC's PC business in China, the principal source of current PC demand, and by aggressively developing the interface method PC brand Lupilon® MGC aims to strengthen the Lupilon® brand and thereby reinforce and expand its PC business.

## 2. Outline of subsidiary

Company name:	LingYou Engineering-Plastics (Shanghai) Co., Ltd.
President:	To be confirmed
Location:	Shanghai Chemical Industry Park, Shanghai, China
Date of establishment (planned):	July 2009
Business:	PC neat resin and PC compound production, technical solutions provision
Main facilities:	PC resin production facility (interface method, 80,000 ton annual capacity) Pelletizing facility (60,000 ton annual capacity) Compound facility (28,000 ton annual capacity) Technical center
Start of production (planned):	April 2012 (Technical center to begin operations in August 2011)
Employees:	Approximately 260
Capital:	Approximately ¥10 billion
Investment ratio (planned)	Mitsubishi Gas Chemical Company, Inc.: 80%
:	Mitsubishi Engineering-Plastics Corporation: 20%
Paid-in capital:	Approximately ¥30 billion

## 3. Effect on results in fiscal year under review

The establishment of this subsidiary is not expected to have a material effect on the non-consolidated financial results of MGC in the fiscal year ending March 31, 2010. It is planned that the subsidiary will become a consolidated subsidiary of MGC, but the schedule for this has yet to be decided.

## Reference:

### ■ PC:

PC (polycarbonate) is a high performance resin with superior transparency, shock resistance and dimensional stability that is used in a wide range of applications including electrical appliances, electronic devices, computers, office equipment and automobiles, construction materials and household accessories. Annual global production exceeds three million tons, of which the Chinese market accounts for more than one third. Global demand is expected to grow at an annual rate of 6% and above, and, given the projected economic growth in China in particular, is expected to produce growth of 9% and above, mainly in high value added products.

### ■ Lupilon®

PC production techniques may be broadly classified into two methods, the interface method and the melting method. Although each has its associated advantages and disadvantages, interface method PC is in general compatible with the full range of applications from general-purpose to high value added products.

Lupilon® is MGC's PC brand, of which it produces 290,000 tons annually using proprietary technology. MGC produces Lupilon® at its Kashima plant (Kamisu, Ibaraki Prefecture) and through Thai Polycarbonate Co., Ltd., which it sells through MEP for use mainly in high value added applications such as electrical appliances, electronic devices, computers, office equipment, and automobiles.

### ■ Outline of MEP

Company name:	Mitsubishi Engineering-Plastics Corporation
President:	Kijima Yasuhiko
Location:	Chuo-ku, Tokyo
Paid-in capital:	¥3 billion
Investment ratio	Mitsubishi Gas Chemical Company, Inc.: 50% Mitsubishi Chemical Corporation: 50%
Business:	Sale of engineering plastics, production and sale of compounds, development of applied technology

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