



May 12, 2022

Company name: Mitsubishi Gas Chemical Company, Inc.
Representative: Masashi Fujii, Representative Director & President
Securities code: 4182 (The Prime Market of the Tokyo Stock Exchange)
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Notice regarding Investment in a Polyacetal Producing Company in China

At a board meeting held today, the directors of Mitsubishi Gas Chemical Company, Inc. (“MGC”) resolved to repurchase own shares, pursuant to Article 459, Section 1 of the Company Law and to cancel a part of its own shares pursuant to the provision of Article 178 of the Company Law.

Mitsubishi Gas Chemical Company, Inc. (MGC) hereby announces that its Board of Directors passed a resolution at a meeting held today with regard to a decision to execute indirect investment in a company, which is set to be newly established in China, to produce polyacetal (POM).

1. Objectives of Investment

The MGC Group launched a new medium-term management plan in April 2021. In line with this plan, the Group aims to shift to a profit structure resilient to changes in the business environment. To this end, the Group is striving to:

- “Further strengthen competitively advantageous (“differentiating”) businesses,”
- “Accelerate creation and development of new businesses,” and
- “Reevaluate and rebuild unprofitable businesses.”

These efforts will help push ahead with business portfolio reforms.

In this context, the Group has positioned the POM business as a differentiating business and, therefore, intends to strengthen this business further to enhance its competitive advantages.

POM serves as an excellent engineering plastic that is highly resistant to abrasion, creep, fatigue and chemicals. It is widely used as a material for automobile parts as well as for electric, electronics and other precision mechanical device components. Accordingly, POM markets worldwide are expected to expand stably in step with growth in each country’s GDP. In particular, China is deemed a key POM market with solid demand, and the Group expects to see growing needs in China for POM for use in automobiles and other applications requiring consistently high quality.

At present, the MGC Group maintains POM production bases in Japan (Yokkaichi), Thailand, South Korea and China (Nantong), with their collective supply capacities amounting to approximately 200,000 tons per year.

However, in line with the Chinese government's policies for Nantong's Economic and Technology Development Area, chemical engineering companies based in the Northern District of said area have become subject to an official request, issued in March 2021, to terminate their operations. In response, the Group has considered developing an alternative supply system to replace the Nantong-based factory possessed by PTM Engineering Plastics (Nantong) Co., Ltd.

The Group has thus decided to acquire a 30% equity stake in P Holdings, Inc., a business management company overseeing a POM producing company in China, through Global Polyacetal Co., Ltd., a wholly owned subsidiary of MGC. The MGC Group also intends to execute this move in concert with an investment plan to be carried out by Polyplastics Co., Ltd., which aims to establish a new POM production base capable of annually producing 150,000 tons in China. In addition, P Holding Co., Ltd. is expected to become an equity-method affiliate of MGC.

Upon securing a new POM production base in China, a globally important market region with strong POM demand, the MGC Group intends to develop a robust supply structure enabling the Group to satisfy needs for POM among its local customers. In these ways, the Group will push ahead with solidifying its global production and supply system, with the aim of achieving the further expansion of the POM business, which is expected to grow going forward.

2. Overview of Equity-Method Affiliate (Upon Acquisition of Equity Stake)

(1)	Company name	P Holdings, Inc.	
(2)	Location	JR Shinagawa East Building, 18-1, Konan 2-chome, Minato-ku, Tokyo	
(3)	Name/title of representative	Shoji Sanada, Representative Director and President	
(4)	Business description	Management and control of business activities undertaken by a subsidiary whose business purpose is the manufacture, processing and sale of POM resin in China through the holding of equity stake in such subsidiary	
(5)	Capital stock	At the time of establishment: JPY10 million (100% owned by Polyplastics Co., Ltd.) After capital increase: USD187 million; of this, USD56 million invested by Global Polyacetal Co., Ltd. (share-price acquisition basis)	
(6)	Date of foundation	December 1, 2021	
(7)	Major shareholders and ratio of their shareholdings	Polyplastics Co., Ltd.: 70% Global Polyacetal Co., Ltd.: 30% (after capital increase)	
(8)	Relationship with the listed company	Capital relationship	P Holdings, Inc. is expected to become an equity-method affiliate of MGC following the planned launch of commercial operations at DP Engineering Plastics (Nantong) Co., Ltd.
		Personnel relationship	None
		Transactional relationship	None

3. Overview of a POM Producing Company in China

(1)	Company name	DP Engineering Plastics (Nantong) Co., Ltd.	
(2)	Location	Room 307, No. 42, Guangzhou road, Nantong Economic and Technological Development Zone, Jiangsu Province, China	
(3)	Name/title of representative	Shoji Sanada, General Manager	
(4)	Business description	Manufacture, sale, export and import of POM resin	
(5)	Capital stock	USD187 million (including indirect investment by MGC)	
(6)	Date of foundation	January 11, 2022	
(7)	Major shareholder and ratio of shareholdings	P Holdings, Inc.: 100%	
(8)	Production capacity	90,000 tons per year (planned for November 2024); the capacity is expected to be subsequently expanded to 150,000 tons (planned)	
(9)	Relationship with the listed company	Capital relationship	Equity stake in DP Engineering Plastics (Nantong) Co., Ltd. will be entirely held by P Holdings, Inc., which is set to become an equity-method affiliate of MGC
		Personnel relationship	None
		Transactional relationship	None
(10)	Operating results, etc.	Plans call for launching commercial operations in November 2024	

Note: Operating results of DP Engineering Plastics (Nantong) Co., Ltd. are expected to be included in the scope of consolidation of the MGC Group through P Holdings, Inc., an equity-method affiliate of MGC.

4. Outlook

The abovementioned investment's impact on operating results for the fiscal year ending March 31, 2023 is minor.

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