



NEWS RELEASE

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Tosoh Move on China Results in Largest VCM Player in Asia JPY 47 Billion Investment in Multinational Integrated Operations

Tokyo, Japan – Tosoh Corporation announced a round of investments in integrated chlor-alkali operations that will span facilities in Japan and Asia. The combined total investment of JPY 47 billion (USD 432 million) will make Tosoh the top manufacturer in Asia for vinyl chloride monomer (VCM) and allow the company to benefit from the strong growing demand in China. VCM is one of the basic raw materials in the production of polyvinyl chloride (PVC), the second largest and most versatile plastic in the world.

As part of the integration plans, Tosoh has decided to establish a PVC joint venture in China (Guangzhou, Guangdong Province), at a cost of JPY 4 billion (USD 37 million). The completely Japanese owned company, Tosoh (Guangzhou) Chemical Industries, Inc.,¹ will be the first of its kind in China. The plant is slated for completion in mid 2006 and will have a capacity of 110,000 metric tons per year.

Tosoh is also considering capacity expansion for its subsidiaries, more specifically the PVC manufacturer, Philippine Resins Industries, Inc. As Tosoh plans to supply the VCM for the new capacity from Japan, the company is also increasing that capacity. Investment of JPY 15 billion (USD 138 million) in a new VCM plant in Yamaguchi Prefecture Japan will add an initial capacity of 400,000 metric tons and another 200,000 is being considered. With this added capacity, Tosoh's annual output will increase to 1.47 million tons in 2005 and to approximately 1.7 million tons in 2006.

Tosoh has the largest in-house power generation facility in Japan and is presently conducting an environmental assessment for an additional facility in 2008. This capacity, the scale of the VCM plants, and integration all combine to give Tosoh a competitive advantage. This supports the

¹ The official English name will be announced after registration with local authorities has been completed.

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multinational PVC system that is fed through centralized VCM production in Japan.

The Company is also expanding the isocyanate link of its Vinyl Chain² through a JPY 22 billion (USD 202 million) investment in production facilities for aniline and carbon monoxide. These both serve as feedstock to the affiliate Nippon Polyurethane Industry Co., Ltd. For more information on these projects and chlor-alkali operations, please visit Tosoh's Press Room at www.tosoh.com.

Tosoh Corporation

Headquartered in Tokyo, Japan, Tosoh Corporation is a diversified global chemical and specialty materials company. Founded in 1935, the Company has expanded its reach into high value-added businesses such as fine chemicals, scientific instrumentation, thin film materials, and quartzware. Tosoh is a multi-billion dollar corporation that employs more than 9,000 people worldwide and is listed on the Tokyo and Osaka Stock Exchanges.

Stock Exchange Ticker Symbol: 4042

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² The Vinyl Chain refers to a sequence of integrated manufacturing operations that produce several key vinyl-related chemicals from the basic commodities salt and ethylene. The Vinyl-Isocyanate Chain represents the broadening of the basic Vinyl Chain processes to include the production of isocyanates.