

For Immediate Release

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Sumitomo Chemical Establishes a New Company in China for Production of Polypropylene Compounds

Sumitomo Chemical Co., Ltd. ("Sumitomo Chemical") announced today its plan to establish a new company in the southern region of China to manufacture and sell polypropylene compounds for automotive applications. The outline of the new company is as follows:

Name:	Sumika Polymer Compounds (Zhuhai) Co., Ltd (tentative)
Shareholding:	Sumitomo Chemical 55%, Toyo Ink Manufacturing 45%
Location::	Zhuhai, Guangdong Province, People's Republic of China
Main Business:	Production and sale of polypropylene compounds for automotive applications and other materials
Production Capacity:	Initially 10,000 tons/yr (20,000 tons/yr in the future)
Incorporation:	Around May 2005
Plant start-up:	Mid 2006

Polyolefins, such as polypropylene, are the core business of Sumitomo Chemical's Petrochemicals & Plastics Sector, and the company is concentrating its efforts on strengthening its business foundation in this area by increasing the lines of higher-value-added products, including polypropylene compounds. Polypropylene compounds are constructed by kneading synthetic rubber, inorganic fillers and other ingredients into polypropylene resins, thereby providing high performance and excellent characteristics unachievable in the ingredients respective forms. Polypropylene compounds are in growing demand from the automotive industry for use in bumpers, interior materials, and so forth.

Sumitomo Chemical produces polypropylene, based on its proprietary

technology, in Japan, Singapore and U.S.A. to meet the requirements of customers globally, particularly those of automobile manufacturers who request supplies of high-performance polypropylene compounds to be of the same quality for their car production plants throughout the world. China's automotive industry has experienced remarkable growth over recent years, especially in the south where Japanese automakers have proposed a number of projects to newly construct or expand car production facilities, which will significantly boost demand for polypropylene compounds. To promptly meet this rapidly rising demand and satisfy customers' need for higher quality products, Sumitomo Chemical has decided to set up a production and marketing base for polypropylene compounds in southern China, whereby polypropylene resins will be supplied from the company's production complex in Singapore.

Colorants technology plays an important role in conducting the plastic compound business. Toyo Ink Manufacturing of Japan has superior colorants technology and is experienced in undertaking plastics colorants and colorant compound businesses worldwide. Collaboration with Toyo Ink will enable the new company to better serve the diverse needs of customers.

Sumitomo Chemical will continue reinforcing the global supply network of polypropylene compounds to implement the strategy for expansion of the mainstay polypropylene business and the enhancement of its earnings base.