

Sumitomo Chemical Upgrades Polypropylene Capacity in Singapore

Tokyo, February 7, 2005 — The Polyolefin Company (Singapore) Pte. Ltd. (“TPC”), a consolidated subsidiary of Sumitomo Chemical Co., Ltd., announced the conversion of its linear low-density polyethylene (LLDPE) plant to polypropylene production. The new plant’s production capacity will be 200,000 metric tons/year. Construction is scheduled to be completed in the third quarter of 2006. Upon completion of the project, TPC will have a combined total polypropylene production capacity of 650,000 metric tons/year.

Sumitomo focuses on polyolefin as its petrochemicals sector’s core business and is pursuing greater cost efficiency, securing stable and competitive feedstock, and shifting its product portfolio toward higher performance products in order to strengthen the business profitability. As part of the effort, TPC is aggressively moving away from commodity products and toward higher value-added products. LLDPE, a commodity polymer used in films and other materials, is facing intensive competition from Middle East manufacturers with lower feedstock costs. Polypropylene, however, is a higher value-added product with positive growth prospects, particularly in China’s automotive and home appliance markets. The increased polypropylene production realized in this conversion will boost TPC’s higher profitability.

The new polypropylene plant will employ Sumitomo Chemical’s gas-phase technology, which is also used in the LLDPE plant currently in operation. This will help to minimize conversion costs and will ensure stable production of high-quality products.

The additional propylene required as feedstock for the new plant is expected to be supplied by the Petrochemical Corporation of Singapore Pte. Ltd. (“PCS”), a Sumitomo Chemical affiliate, which, along with TPC, constitute a major part of the Singapore Petrochemical Complex. PCS, concurrently, is building a new propylene plant employing a metathesis process* that will have a production capacity of 200,000 metric tons/year.

* Metathesis: a process for producing propylene from ethylene and n-butane.

Reference Information

Overview of TPC

- Name: The Polyolefin Company (Singapore) Pte. Ltd.
- Managing Director: Hiromichi Ishikawa (from Sumitomo Chemical)
- Shareholding ratio: 70%: Japan Singapore Polyolefin Co., Ltd.
(95.71% ownership by Sumitomo Chemical)
30%: Shell Eastern Petroleum Pte. Ltd.
- Capitalization: US\$51,689,000
- Established: May 1980

- Main lines of business: Production and sale of polyolefins (polyethylene, polypropylene, and other products)
- Employees: 323

Overview of PCS

- Name: Petrochemical Corporation of Singapore (Pte.) Ltd.
- Managing Director: Sizuka Tajima (from Sumitomo Chemical)
- Shareholding ratio: 50%: Japan Singapore Petrochemical Co., Ltd.
(54.66% ownership by Sumitomo Chemical)
50%: Shell Eastern Petroleum Pte. Ltd.
- Capitalization: US\$161,546,000
- Established: August 1977
- Main lines of business: Production and sale of petrochemical products (ethylene, propylene, benzene, and other products)
- Employees: 346