

February 10, 2005

Fumed silica China Project

Tokuyama Corporation

Tokuyama Corporation (President: Shigeaki Nakahara; “Tokuyama”) has decided to move into the growing Chinese market and establish a manufacturing base in order to expand its fumed silica (brand name: Reolosil) business. A new company wholly owned by Tokuyama will be established in Jiaxing City in Zhejiang Province, and a plant with an annual production capacity of 5,000 tons will be built at a total cost of approximately \$US30 million. Construction of the plant is due to commence in November 2005, for completion by the end of 2006.

The demand for fumed silica has risen sharply over the past few years in Asia, particularly in China and Korea, and supplies have become seriously tight in some area. In the circumstances, though Tokuyama is already carrying out the expansion aimed for completion next month to its existing Tokuyama Factory (Shunan, Yamaguchi) to boost the production capacity by 5,000 tons to approximately 20,000 tons annually, considering the growth of the Asian market and the future of our fumed silica business of a strategic nature, Tokuyama has decided it necessary to boost its capacity in China.

[Overview of plan]

Company:	Tokuyama Chemicals (Zhejiang) Co., Ltd.)
Content of business:	Manufacture and sale of fumed silica
To be established:	May 2005 (provisional)
Location of plant:	Zhapu Economic Development Zone, Jiaxing City, Zhejiang Province, PRC
Paid-in capital:	\$US14 million
Shareholders:	Tokuyama Corp. 100%
Employees:	90 (provisional)

[Reference] Fumed silica Brand name: Reolosil
Silicon dioxide (SiO₂)
Main applications: As a silicon rubber filler, and as an anti-sagging agent for unsaturated polyester, epoxy resins, and paints, etc.