

November 8, 2010

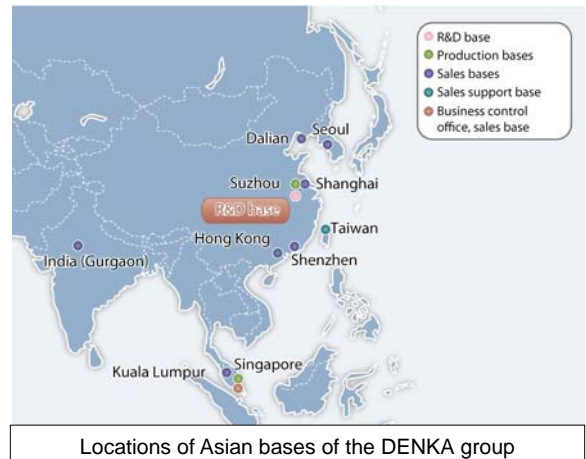
To whom it may concern:

Denki Kagaku Kogyo Kabushiki Kaisha

Announcement of Establishment of a Research and Development Center (Local Corporation) in China

Denki Kagaku Kogyo Kabushiki Kaisha (President: Seiki Kawabata) announces that it has decided to establish a new research and development center (local corporation) in China.

We have been engaged in various activities, placing the utmost importance on strengthening and expansion of our overseas businesses. Emphasizing the importance of improving our business system in China, which is now experiencing particularly rapid economic growth, we have enhanced and expanded our sales centers and established various production centers, including for OEM. This time, we will establish our first overseas research and development center in Suzhou, Jiangsu Province, China.



Locations of Asian bases of the DENKA group

We sell products such as polychloroprene, electric materials, styrene synthetic resin, and special cement additives, for Chinese automobile, home electrical appliance, civil engineering and construction markets. At present, the Japanese research and development department has been addressing requests for analysis, inspection, performance evaluation, quality enhancement, and addition of new functions. However, with the increasingly intense competition and an accelerated development speed, meeting and responding to market needs properly and promptly is one of the important elements for us to survive as a manufacturer.

To give an example, restrictions and difficulties we have when checking test conditions or obtaining rubber additives or adherend materials that are actually used in China significantly affect the development of a commodity. Enabling us to address these issues at a center in China is indispensable for strengthening and expanding our business.

This time we will begin with installation of machinery for analyzing and evaluating rubbers and adhesives to establish a system to promptly provide technical services in China. The products we handle will be expanded gradually.

In the future, we will not only provide technical services but also work to expand our business through research on performance, quality and cost demands from the Chinese markets, aiming at developing products with future potential.

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【Overview of the R&D Center】

1. Corporation name (Tentative name)

In Japanese: 電化新材料研発（蘇州）有限公司

In Chinese: 电化新材料研发（苏州）有限公司

In English: Denka Chemicals Development Suzhou Co., Ltd (DCD)

2. Founding site (Planned)

Suzhou, Jiangsu Province

“Modern Industrial Square” in the Suzhou Industrial Area

3. Start of business (Planned)

June 2011

4. Capital registered (Planned)

¥240 million

5. Business

R&D and analysis, inspection and performance evaluation, etc. of synthetic rubbers and adhesives

6. Major facilities

Facilities and equipment for evaluating and testing properties and performance, as well as analyzers of rubbers and adhesives



in the Suzhou Industrial Area

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