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DENKI KAGAKU KOGYO KABUSHIKI KAISHA
(DENKA)

DENKA Establishes Regional Headquarters to Drive the Expansion of its Special Cement Additive Business

In line with growth strategies set forth in the DENKA 100 management plan, DENKA seeks to focus its management resources on new growth drivers while moving ahead with next-generation product development. In particular, DENKA is proactively pursuing the global expansion of its special cement additive business as it strives to promote the foregoing initiatives in the field of infrastructure development.

With this in mind, we recognize that it is essential to secure regional headquarters to serve as strongholds in each respective area of operations. This will also be key to achieving the fiscal 2017 overseas sales target of ¥15 billion that we set for the special cement additive business and announced on October 21, 2013. We have therefore moved to reinforce our overseas business network by establishing and initiating operations at new subsidiaries as follows:

1. Chinese Market

(1) Regional headquarters

Company name:	DENKA Infrastructure Technologies Shanghai Co., Ltd.
Establishment:	January 2014 (operation started April 2014)
Capital:	Approx. ¥200 million (owned solely by DENKA)
Annual sales target:	¥5 billion (as of fiscal 2017)
Employees:	Approx. 50 (scheduled for fiscal 2017)

(2) Production base

Company name:	DENKA Inorganic Materials Tianjin Co., Ltd.
Establishment:	September 2013 (operation started March 2014)
Capital:	Approx. ¥300 million
Production capacity:	5,500 tons per year

2. Southeast and Other Asian Markets

(1) Regional headquarters

Company name:	DENKA Infrastructure Technologies Private Limited
Establishment:	November 2013 (operation started April 2014)
Capital:	Approx. ¥100 million*
Annual sales target:	¥6 billion (as of fiscal 2017)
Employees:	Approx. 50 (scheduled for fiscal 2017)
Areas of operation:	Southeast Asia, India, Taiwan and Hong Kong

* Owned solely by DENKA Chemicals Holdings Asia Pacific Pte. Ltd., a Singapore-based subsidiary serving as regional headquarters in Southeast Asia

(2) Production base

To secure a production base in this region, in January 2014 DENKA took an equity stake of Posco Venture Sdn. Bhd., a leading construction materials manufacturer in Malaysia. DENKA will introduce its own technologies to Posco Venture while collaboratively pursuing business expansion.

Against the backdrop of surging demand for infrastructure development in China and other regions in Asia as well as ever stricter quality requirements in this field, we will promptly seize business opportunities by reinforcing our R&D, production and sales networks across Asia, with these new regional headquarters serving as key operational bases. In these ways, DENKA will step up its efforts to provide customers with innovative solutions while creating new products that meet the requirements of markets in each country and region.