



KH Neochem Co., Ltd.

Establishment of JV Company for the Production & Sales of Iso-nonyl Alcohol in Taiwan
The Largest Investment Ever Held from Japan to Taiwan in the Petrochemical Area

12th, February 2015

We are pleased to inform that KH Neochem Co., Ltd. (hereinafter KHNC, the address of HQs : Chuo-ku, Tokyo, CEO & President : Keiichi Asai) signed the Joint Venture Agreement on Feb. 11th, 2015, among CPC Corporation, Taiwan (hereinafter CPC, the address of HQs : Sinyi District, Taipei, Chairperson : Sheng-Chung Lin) and Mega International Commercial Bank Co., Ltd. (hereinafter MICB, the address of HQs : Zhongshan District, Taipei, Chairperson : Y. T. Tsai) for the purpose of establishing the JV company to produce and sell Iso-nonyl Alcohol (INA).

INA is a higher alcohol and one of our company's major products which is mainly used for the plasticizer, Di-isononyl Phthalate (DINP). The demand of DINP has been increased rapidly all over the world for mainly auto-motive, electric wire & cable, and construction material.

KH Neochem Co., Ltd. has own technologies and know-how for INA production, and in order to meet the increasing demand of INA, KH Neochem Co., Ltd. has evaluated various options to establish a new production facility at a location with competitive feedstock and adequate volume for economic scale of INA production, as well as at favorable place for the access to the growing Asian market, such as China and India. On the other hand, CPC Corporation, Taiwan has been seeking to develop value-added downstream business diversifying from the traditional gasoline & fuel business, and had interested in INA business including the supply of their feedstock.

The two companies had conducted the feasibility studies and the negotiation of the commercial terms, after obtaining an approval of the project by Executive Yuan and a budget by Legislative Yuan in Taiwan. In the end, we reached the final agreement and signed the JV Agreement. This project is the largest joint investment venture ever held by Japanese and Taiwanese companies in the petrochemical area in Taiwan.

The Outline of JV Company

Company Name	Taiwan-Japan Oxo Chemical Industries Inc.
Time of Incorporation	June, 2015
Capital	300 million TWD (Initial, capital increase is planned) Shareholders : KHNC 47%, CPC 47%, MICB 6%
Address	Kaohsiung City, Taiwan
Description of Business	Production & Sales of Petrochemical Products
Production Capacity	INA 180,000mt/y, Others
Commercial Start-up	2019
Investment Amount	400 million USD

The Outline of KHNC

Company Name	KH Neochem Co., Ltd.
Principal Business	Research, Production & Sales of Petrochemical Products
Turnover (2013)	86.8 billion JPY
Capital	12 billion JPY (as of the end of 2013)
Employees Number	584 (as of the end of 2013)
Address of HQ's	1-6-5, Nihonbashi-Honcho, Chuo-ku, Tokyo, Japan

The Outline of CPC

Company Name	CPC Corporation, Taiwan
Principal Business	Research, Production & Sales of Oil Refining & Petrochemical Products
Turnover (2013)	1,187.7 billion TWD
Capital	227.1 billion TWD (as of the end of 2013)
Employees Number	14,819 (as of the end of 2013)
Address of HQ's	3, Songren Rd., Sinyi District, Taipei, Taiwan

The Outline of MICB

Company Name	Mega International Commercial Bank Co., Ltd.
Principal Business	Finance
Total Assets	2,819.5 billion TWD (as of the end of 2013)
Capital	77 billion TWD (as of the end of 2013)
Employees Number	5,381 (as of the end of 2013)
Address of HQ's	100, Chilin Rd., Zhongshan District, Taipei, Taiwan