

## **Business Alliance with a PVOH manufacturer of Inner Mongolia, China**

The Nippon Synthetic Chemical Industry Co., Ltd. (head office: Kita-ku, Osaka City, President: Katsumi Kimura, hereinafter referred to as “our company”) and Inner Mongolia Shuangxin Energy and Chemical Co., Ltd. (headquarters: Erdos, Inner Mongolia, Chairman: Yuhua Qiao, hereinafter referred to as “Shuangxin”) have reached an agreement on business alliance regarding the standard grade PVOH business. The alliance summary is as follows.

### **1. Background and purpose**

As the standard grade PVOH market is favorably expanding around the world, especially in China and Asia, our company and Shuangxin agreed to form a business alliance aiming to globally supply 170,000 tons of standard grade PVOH, which will be more superior with high quality and cost competitiveness by integrating complementary strengths of two companies, which are manufacturing technology, brand, and overseas sales channels of our company, and cost competitiveness / manufacturing capacity and sales channels in China owned by Shuangxin.

### **2. Next steps**

After receiving approval from authorities, we plan to establish a joint venture sales company, for which the investment ratio of our company and Shuangxin is 50% each, in Hong Kong within fiscal year 2018 and also establish its subsidiary in China. In the future, the our company and Shuangxin will consider the possibility of further business alliances.