

March 6, 2023

Sumitomo Mitsui Banking Corporation

DP ENGINEERING PLASTICS (NANTONG) CO., LTD. signed first onshore green syndicated loan as Japanese company in China, with the formulation of the "Green Loan Framework" supported by SMBCCN

Sumitomo Mitsui Banking Corporation (China) Limited ("SMBCCN"), the Chinese subsidiary of Sumitomo Mitsui Banking Corporation ("SMBC", President and CEO: Makoto Takashima) supported DP ENGINEERING PLASTICS (NANTONG) CO., LTD (President and CEO: Koji Oishi, "DPE") in formulating the "Green Loan Framework" ("This framework" (*1)). SMBCCN, mandated as Green Financial Coordinator (*2), arranged this green syndicated loan ("This loan") under this framework.

A Green Loan is a form of financing that enables companies to finance eligible green projects which contribute to environmentally sustainable economic activities. It has the following features; (1) proceeds are allocated exclusively to green projects, (2) proceeds are tracked and managed in a reliable manner and (3) transparency is ensured through post-financing reporting.

DPE is a polyacetal ("POM") manufacturing company located at Nantong Economic Development Zone, Jiangsu Province, China, and was established in January 2022 by P Holdings Inc. (Representative Director and President: Koji Oishi) as its wholly-owned subsidiary. Meanwhile, P Holdings Inc. was controlled by POLYPLASTICS CO., LTD. ("Polyplastics", Representative Director and President: Toshio Shiwaku), a wholly-owned subsidiary of Daicel Corporation (Representative Director and President: Yoshimi Ogawa) and Global Polyacetal Co., Ltd. ("GPAC", Representative Director and President: Naoto Obayashi), a wholly-owned subsidiary of MITSUBISHI GAS CHEMICAL COMPANY, INC., Representative Director and President: Masashi Fujii) in the shareholding ratio of 70% and 30% respectively. The significant increase of the DPE's production capacity contributes to satisfying the Chinese market strong demand for POM and further contributes to the development of the Chinese economy.

Polyplastics, which is responsible for the overall production and operations, has a following group corporate philosophy; "We contribute to building an abundant future society by innovation and developing talented and responsible people, through pursuing the unlimited potential of engineering plastics." To achieve this, Polyplastics is seeking to achieve positive impact through both "Business Activities themselves" and "Narrowly defined CSR".

DPE received a second party opinion for this loan from Hong Kong Quality Assurance Agency ("HKQAA")

(*3)) for its alignment with the Green Loan Principles (revised in 2021) published by Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA) and Asia Pacific Loan Market Association (APLMA), and the China Green Industry Guiding Catalogue (revised in 2019) published by National Development and Reform Commission and People’s Bank of China. The alignment of this loan with both international and Chinese domestic standards shows the strong commitment to advancing a sustainable society through the Polyplastics Group.

On July 27, 2021, SMBC Group published "SMBC Group GREEN Innovator" and aims at enhancing our services and products to realize a sustainable society together with our clients. In addition, SMBC will further contribute to achieving sustainable society by providing solutions and engaging in dialogue for our clients’ sustainable management.

[Transaction Summary]

The borrower	DP ENGINEERING PLASTICS (NANTONG) CO., LTD.
Sign Day	February 28 th , 2023
Lead arranger and Book runner	SMBCCN、 MUFG Bank (China), Ltd.
Agent	SMBCCN
Green Financial Coordinator	SMBCCN
Financial Advisor	SMBCCN
The Lender	SMBCCN、 MUFG Bank (China), Ltd.
Amount:	RMB 2382.38 million yuan
Period:	10 years
Loan propose:	The investment of establishing a new POM manufacturing company in the Nantong City, Jiangsu Province, China.

Details of the Use of Proceeds:

The use of proceeds will be used for facilities and equipment in a new POM manufacturing company, DPE, with 150,000 ton (expected) POM production capacity. The facility covers about 343.1 acres and is located in the east of Road Tong Da and north of Road Hai Ya of the Nantong Economic Development Zone, Jiangsu Province, China. After importing the latest machines and equipment, the facility will achieve substantial improvement from an environmental point of view compared to the old plant. The second party opinion from HKQAA states that this loan is aligned with both international standards and Chinese domestic standards. The detailed eligible green projects categories are shown as following, "Energy efficiency" and "Sustainable water and wastewater management" in the category of Green Loan Principles, "2.1.4 Transformation of major industries into cleaner production (including the transformation of cleaner production in chemical industrial parks)" in the category of the China Green Industry Guiding Catalogue.

(*1) Green Loan Framework

Green Loan Framework is based on the following four core components, Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting.

(*2) Green Financial Coordinator

Green Financial Coordinator is an organization supporting the borrowers in formulating the framework and other related procedures when organizes and designs this green loan.

(*3) Hong Kong Quality Assurance Agency (HKQAA)

HKQAA, established by Hong Kong Government in 1989, as a non-profit distributing public body committed to introducing international management standards, which not only promotes good management practices but also develops diversified services and optimizes the whole industry level to facilitate the development of sustainable finance.

(Reference)

DP ENGINEERING PLASTICS (NANTONG) CO., LTD website

<https://www.polyplastics-global.com/jp/news/>

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This announcement is not intended as a recommendation to invest or solicit.