

November 28, 2007

Sakai Chemical Industry Co., Ltd.

Representative Director: Kazunobu Abe, President

Listed on Tokyo Stock Exchange
and Osaka Securities Exchange

Establishment of Subsidiary in Vietnam

This is to announce that the company will establish a subsidiary in the Socialist Republic of Vietnam for the manufacture and sale of PVC stabilizers. The details are as follows:

1. Purpose:

The Polyvinylchloride (PVC) market in Japan is shrinking steadily due to a reduction in public investments and dwindling housing starts.

On the other hand, the market is exhibiting strong growth overseas, including China, and continued growth is projected. Therefore, as part of the global expansion of our Plastic Additives Business, we have decided to establish a subsidiary in Vietnam for the manufacture and sale of PVC stabilizers.

2. Outline of the subsidiary:

Trade name	:	Sakai Chemical (Vietnam) Co., Ltd. 【Abbreviated name: SCVN】
Representative	:	Teruji Onishi (double as Director, Plastic Additives Division Manager, Sakai Chemical Industry Co., Ltd.)
Head office	:	My Phuoc Industrial Park 3, Ben Cat District, Binh Duong Province, Socialist Republic of Vietnam
Capital	:	US\$ 1,500,000-
Controlling Share	:	Sakai Chemical Industry Co., Ltd. covering 100% of legal capital
Establishment	:	December, 2007(scheduled)
Startup operation	:	November, 2008(scheduled)
Settlement term	:	Annual (December 31)
Description of business	:	Manufacture and sale of inorganic and organic industrial chemical products and other industrial chemical products
Main product	:	Non-lead PVC stabilizer
Production capacity	:	15,000 ton/year
Gross investment	:	US\$ 11,000,000-