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Securities code: 4078

June 5, 2017

To our shareholders:

Masaaki Yabe
President
Sakai Chemical Industry Co., Ltd.
5-2, Ebisujima-cho, Sakai-ku, Sakai-shi, Osaka

NOTICE OF THE 122ND ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 122nd Ordinary General Meeting of Shareholders of Sakai Chemical Industry Co., Ltd. (the “Company”), which will be held as described below.

If you are unable to attend the Meeting, you may exercise your voting rights in writing or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders and after referring to the “Information about Exercise of Voting Rights” (Japanese only), return the voting form by postal mail or fill out the online voting form to reach us no later than 5:40 p.m., Tuesday, June 27, 2017 (Japan Standard Time).

1. Date and Time: Wednesday, June 28, 2017 at 10:00 a.m. (Japan Standard Time)

2. Venue: Auditorium on the 3rd floor of the Company’s head office
5-2, Ebisujima-cho, Sakai-ku, Sakai-shi, Osaka

3. Purposes:

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 122nd Term (from April 1, 2016 to March 31, 2017), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditor
2. Non-Consolidated Financial Statements for the 122nd Term (from April 1, 2016 to March 31, 2017)

Items to be resolved:

- Proposal 1:** Consolidation of Shares
Proposal 2: Election of Twelve (12) Directors
Proposal 3: Payment of Directors’ Bonuses

If any modification is made to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, or the Non-Consolidated Financial Statements, the Company will post such modification on the Company’s website.

The Company’s website: <http://www.sakai-chem.co.jp>

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Proposal 1: Consolidation of Shares

1. Reasons necessitating consolidation of shares

The Japanese Stock Exchanges announced the “Action Plan for Consolidating Trading Units,” with an aim to unify the trading units of common shares for all domestic listed companies at one hundred (100) shares.

As a company listed on the Tokyo Stock Exchange, the Company respects the principles of the Action Plan, and therefore its Board of Directors resolved on May 11, 2017 “to change the number of shares per share unit of the Company, from one thousand (1,000) shares to one hundred (100) shares on condition that this proposal is approved and adopted in its original form.”

Further, five (5) shares of the Company will be consolidated into one (1) share, with an aim to adjust the investment unit to the level recommended by the Japanese Stock Exchanges (fifty thousand (50,000) yen and above, but less than five hundred thousand (500,000) yen), while taking other factors such as the mid- and long-term fluctuations in stock prices into consideration.

2. Ratio of consolidation

The Company proposes to consolidate five (5) shares of its common shares into one (1) share.

As a result of the consolidation of shares, if there incur fractions of less than one (1) share, the Company shall dispose of all fractional shares together and distribute the revenue from the disposal to shareholders in proportion to their ratio of fractions, pursuant to provisions of the Companies Act.

3. The date on which the consolidation of shares shall take effect (Effective Date)

October 1, 2017

4. Total number of shares authorized to be issued as of the Effective Date

Eighty million (80,000,000) shares

By implementing the consolidation of shares, it will be deemed that the Articles of Incorporation is amended with respect to the total number of shares authorized to be issued on the Effective Date, pursuant to Article 182, Paragraph 2 of the Companies Act.

Note: Although the total number of issued shares will decrease to one-fifth (1/5) of the present number as a result of the consolidation of shares, net assets, etc., will not change, therefore, net assets per share will be five (5) times and except for other factors such as stock market conditions, the asset value of the shares of the Company will not change.

(Reference)

If this proposal is approved and adopted, the relevant part of the Company’s Articles of Incorporation will be amended as of October 1, 2017, as follows:

The following are the details of amendments:

(The underlined parts represent the amendments.)

Current Articles of Incorporation	Proposed amendment
Article 5. (Total Number of Shares Authorized to Be Issued) The total number of shares authorized to be issued by the Company shall be <u>four hundred million (400,000,000)</u> .	Article 5. (Total Number of Shares Authorized to Be Issued) The total number of shares authorized to be issued by the Company shall be <u>eighty million (80,000,000)</u> .
Article 6. (Number of Shares per Share Unit) The number of shares constituting one (1) unit of shares of the Company shall be <u>one thousand (1,000)</u> .	Article 6. (Number of Shares per Share Unit) The number of shares constituting one (1) unit of shares of the Company shall be <u>one hundred (100)</u> .

Proposal 2: Election of Twelve (12) Directors

The terms of office of all eleven (11) Directors (including one (1) Outside Director) in their present positions will expire upon the conclusion of this General Meeting. In that regard, the Company proposes the election of twelve (12) Directors (including two (2) Outside Directors), increasing the number of Outside Directors by one (1) to enhance the management system.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions outside the Company		Number of the Company's shares owned
1	Masaaki Yabe (August 9, 1959) [Reappointment]	Apr. 1982	Joined the Company	49,000
		June 2012	Director	
		June 2014	President Representative Director (to present)	
Reasons for nomination: Masaaki Yabe is familiar with the sales section and other sections and has a wealth of experience and a proven record of accomplishment. He assumed the position of Director of the Company in June 2012, and he has been carrying out business affairs inside and outside the Company as President since June 2014. He has great skills and knowledge especially in the marketing and management areas and has been in charge of the overall group management in the Company exhibiting strong leadership and decisiveness. Therefore, the Company determined that he should continue to be a candidate for Director.				
2	Akira Yoshioka (November 23, 1957) [Reappointment]	Apr. 1982	Joined Mitsubishi Metal Corporation (Currently, Mitsubishi Materials Corporation)	16,000
		Apr. 2014	Adviser of the Company	
		June 2014	Director; Manager, Business Promotion Division	
		Oct. 2014	Director; General Manager, Research & Development Division	
		June 2015	Managing Director; General Manager, Research & Development Division (to present) Currently in charge of Research & Development, Intellectual Property	
Reasons for nomination: Akira Yoshioka is involved in the decision making at the meetings of Board of Directors, properly supervises the duties of Directors and carries out business affairs for which he is responsible. In addition, he was involved mainly in the technology and research and development areas while he was working at a major material manufacturer, Mitsubishi Materials Corporation and gained a wealth of experience and has a proven record of accomplishments. After joining the Company, he has been taking the initiative in the product development with his extensive knowledge and skills. Therefore, the Company determined that he should continue to be a candidate for Director.				

No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions outside the Company	Number of the Company's shares owned
3	Yoshiyuki Yoshikawa (July 21, 1958) [Reappointment]	Apr. 1983 Joined the Company June 2008 General Manager, Semboku Works, Catalysts Operations Division June 2012 President of Kyodo Chemical Co., Ltd. June 2013 Director; Manager, Corporate Planning Department of the Company Oct. 2014 Director; General Manager, Onahama Business Establishment Jan. 2016 General Manager, Otsurugi Business Establishment (to present) June 2016 Managing Director; General Manager, Onahama Business Establishment (to present) Currently in charge of Onahama Business Establishment, Advanced Materials, Otsurugi Business Establishment, Electronic Materials Operations	19,000
Reasons for nomination: Yoshiyuki Yoshikawa is involved in the decision making at the meetings of Board of Directors, properly supervises the duties of Directors and carries out business affairs for which he is responsible. In addition, he has a wealth of experience and a proven record of accomplishments in the technology development and production areas and has knowledge and skills with respect to the management strategies based on his experience of being President, Representative Director of Kyodo Chemical Co., Ltd., which is a subsidiary of the Company. Therefore, the Company determined that he should continue to be a candidate for Director.			
4	Megumu Sado (April 24, 1959) [Reappointment]	Apr. 1983 Joined the Company June 2008 General Manager, Administration & Management Department, Onahama Business Establishment Sept. 2008 General Manager, Onahama Business Establishment and Administration & Management Department July 2009 General Manager, Onahama Business Establishment, Administration & Management Department and Facilities Administration Department Dec. 2009 General Manager, Onahama Business Establishment Sept. 2010 General Manager, Human Resources Department (to present) June 2014 Director (to present) Currently in charge of General Affairs, Human Resources, Logistics, Purchasing, Compliance, Risk Management, Safety & Health	19,000
Reasons for nomination: Megumu Sado is involved in the decision making at the meetings of Board of Directors, properly supervises the duties of Directors and carries out business affairs for which he is responsible. In addition, he has a wealth of experience and a proven record of accomplishments in the general affairs, human resources, safety and health areas, and has extensive knowledge and skills especially in the human resources area. Therefore, the Company determined that he should continue to be a candidate for Director.			

No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions outside the Company	Number of the Company's shares owned
5	Atsuya Nakanishi (February 24, 1959) [Reappointment]	Apr. 1982 Joined The Sanwa Bank, Ltd. (Currently, The Bank of Tokyo-Mitsubishi UFJ, Ltd.) Sept. 2011 Manager, Corporate Planning Department of the Company Jan. 2013 General Manager, Overseas Sales & Marketing Department, Plastic Additives Operations Division June 2013 General Manager, Head of Plastic Additives Operations Division June 2015 Director (to present) June 2016 General Manager, Corporate Strategy Division (to present) Currently in charge of Management Strategy, Overseas Business, New Business Promotion	14,000
Reasons for nomination: Atsuya Nakanishi is involved in the decision making at the meetings of Board of Directors, properly supervises the duties of Directors and carries out business affairs for which he is responsible. In addition, he has a wealth of experience and a proven record of accomplishments with respect to finance, which he accumulated while he was working at a major bank, The Bank of Tokyo-Mitsubishi UFJ, Ltd., as well as extensive knowledge and skills based on his experience in overseas business as General Manager, Head of Plastic Additives Operations Division. Therefore, the Company determined that he should continue to be a candidate for Director.			
6	Yasuhiro Okamoto (June 30, 1963) [Reappointment]	Apr. 1987 Joined the Company Dec. 2011 General Manager, Manufacturing Department, Inorganic Chemicals Operations Division Oct. 2014 General Manager, Production Department 2, Inorganic Chemicals Operations Division June 2015 Director; General Manager, Production Technology Division and Sakai Business Establishment (to present) Currently in charge of Production Technology, Sakai Business Establishment, Quality Assurance & Environmental Management	15,000
Reasons for nomination: Yasuhiro Okamoto is involved in the decision making at the meetings of Board of Directors, properly supervises the duties of Directors and carries out business affairs for which he is responsible. In addition, he has a wealth of experience and a proven record of accomplishments in the technology development and production areas as well as extensive knowledge and skills as General Manager, Production Technology Division and Sakai Business Establishment. Therefore, the Company determined that he should continue to be a candidate for Director.			

No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions outside the Company	Number of the Company's shares owned
7	Toshinori Yoshida (June 4, 1959) [Reappointment]	Apr. 1982 Joined the Company Sept. 2007 General Manager, Sales & Marketing Department, Plastic Additives Operations Division Oct. 2010 General Manager, Sales & Marketing Department and Overseas Sales & Marketing Department, Plastic Additives Operations Division June 2011 President of SC Organic Chemical Co., Ltd. June 2016 Director; General Manager, Sales Promotion Division of the Company Sept. 2016 Director; General Manager, Sales Management Department (to present) Currently in charge of Plastic Additives Operations, Catalysts Operations, Sales Management	10,000
Reasons for nomination: Toshinori Yoshida is involved in the decision making at the meetings of Board of Directors, properly supervises the duties of Directors and carries out business affairs for which he is responsible. He also has a wealth of experience and a proven record of accomplishments in the sales section and other sections. In addition, he has acquired knowledge and skills in the management strategies through his experience of serving as the President, Representative Director of SC Organic Chemical Co., Ltd., which is a subsidiary of the Company. Therefore, the Company determined that he should continue to be a candidate for Director.			
8	Masayuki Yagishita (November 14, 1963) [Reappointment]	Apr. 1986 Joined the Company Oct. 2011 General Manager, Sales & Marketing Department, Titanium Dioxide Operations Division Sept. 2013 General Manager, Head of Titanium Dioxide Operations Division and Sales & Marketing Department Oct. 2014 General Manager, Head of Inorganic Chemicals Operations Division and Sales & Marketing Department Sept. 2015 General Manager, Head of Inorganic Chemicals Operations Division Apr. 2016 General Manager, Head of Inorganic Chemicals Operations Division and Sales Planning Department, Sales Promotion Division June 2016 Director; General Manager, Sales Planning Department, Sales Promotion Division Sept. 2016 Director; General Manager, Sales Planning Department, Corporate Strategy Division (to present) Currently in charge of Inorganic Chemicals Operations	11,000
Reasons for nomination: Masayuki Yagishita is involved in the decision making at the meetings of Board of Directors, properly supervises the duties of Directors and carries out business affairs for which he is responsible. He also has a wealth of experience and a proven record of accomplishments in the sales section and other sections as well as extensive knowledge and skills cultivated through his experience of serving as the General Manager, Head of Inorganic Chemicals Operations Division and Sales Planning Department, Sales Promotion Division. Therefore, the Company determined that he should continue to be a candidate for Director.			

No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions outside the Company	Number of the Company's shares owned
9	Toshiaki Sano (December 4, 1963) [Reappointment]	Apr. 1987 Joined the Company June 2011 General Manager, Accounting & Finance Department (to present) June 2016 Director (to present) Currently in charge of Information Systems, Accounting & Finance, Internal Control with respect to Financial Reports	11,000
<p>Reasons for nomination: Toshiaki Sano is involved in the decision making at the meetings of Board of Directors, properly supervises the duties of Directors and carries out business affairs for which he is responsible. He also has a wealth of experience and a proven record of accomplishments in the accounting and finance sections and supports the sound group management by working as Corporate Auditor of subsidiaries of the Company. He has extensive knowledge and skills. Therefore, the Company determined that he should continue to be a candidate for Director.</p>			
10	Kazumi Sasai (January 11, 1960) [Reappointment] [Outside] [Independent]	Apr. 2001 Associate Professor, Graduate School of Osaka Prefecture University Apr. 2007 Associate Professor, Graduate School of Osaka Prefecture University Apr. 2008 Professor, Graduate School of Osaka Prefecture University (to present) June 2011 Auditor, Osaka Prefecture Veterinary Medical Association (to present) Apr. 2012 Director of Academic Affairs, School of Veterinary Science, Osaka Prefecture University Apr. 2015 Professor in residence, Graduate School of Osaka University (to present) June 2015 Director of the Company (to present) Apr. 2017 Head of Department, School of Veterinary Science, Osaka Prefecture University (to present)	2,000
<p>Matters related to his candidacy for Outside Director Reasons for nomination as candidate for Outside Director: Although Kazumi Sasai has never been engaged in managing a company except as an Outside Director of the Company, he proactively addresses his opinions in the meetings of Board of Directors by utilizing his wealth of experience and broad knowledge he gained at Graduate School of Osaka Prefecture University, Graduate School of Osaka University and other entities and properly fulfills his role to give accurate advice on and supervise the management of the Company from an independent viewpoint. Therefore, the Company determined that he should continue to be a candidate for Outside Director. Information on independent officer: The Company designated him as an independent officer specified by the Tokyo Stock Exchange and registered him with the stock exchange, based on the judgment that no issue regarding conflict of interests is unlikely to occur with the general shareholders in accordance with the standards for independence prescribed by the Tokyo Stock Exchange and Standards for Selecting Independent Outside Directors specified by the Company. If his reappointment is approved, the Company plans for his appointment as an independent officer to continue. Outline of terms and conditions of limited liability agreement: The Company has, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, concluded with him an agreement to limit his liability for damages as set forth in Article 423, Paragraph 1 of the same Act. In this case, the maximum amount of liability for damages under the said agreement will be the minimum amount set forth in Article 425, Paragraph 1 of the Companies Act. If his reappointment is approved, the said agreement will continue to be in effect.</p>			

No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions outside the Company	Number of the Company's shares owned
11	Akihiko Ide (October 24, 1941) [Reappointment]	<p>Apr. 1965 Joined Mitsubishi Metal Mining Company Ltd. (Currently, Mitsubishi Materials Corporation)</p> <p>June 2004 President of Mitsubishi Materials Corporation</p> <p>June 2010 Chairman of Mitsubishi Materials Corporation</p> <p>June 2010 Director of the Company (to present)</p> <p>Apr. 2015 Director; Senior Adviser of Mitsubishi Materials Corporation</p> <p>June 2015 Senior Adviser of Mitsubishi Materials Corporation (to present)</p> <p>June 2015 Outside Director of Tokyo Gas Co., Ltd. (to present)</p>	0
<p>Reasons for nomination: Akihiko Ide has assumed the positions of President and Chairman of Mitsubishi Materials Corporation, which is a major material manufacturer, and participates in the management of the Company by utilizing his extensive insight and knowledge based on his wealth of experience and proven record of accomplishments. Therefore, the Company determined that he should continue to be a candidate for Director.</p> <p>Outline of terms and conditions of limited liability agreement: The Company has, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, concluded with him an agreement to limit his liability for damages as set forth in Article 423, Paragraph 1 of the same Act. In this case, the maximum amount of liability for damages under the said agreement will be the minimum amount set forth in Article 425, Paragraph 1 of the Companies Act. If his reappointment is approved, the said agreement will continue to be in effect.</p>			
12	Yumi Sano (August 20, 1961) [New candidate] [Outside] [Independent]	<p>Apr. 1984 Joined Shikishima Boseki Kabushiki Kaisha (Currently, Shikibo Ltd)</p> <p>Apr. 1997 Joined Kansai Employers' Association (Currently, Kansai Economic Federation)</p> <p>Apr. 2004 General Manager, Membership Administration of Kansai Employers' Association (Currently, Kansai Economic Federation)</p> <p>Apr. 2013 Joined Japan Institute for Women's Empowerment & Diversity Management</p> <p>Apr. 2014 Head of Kansai Office, Japan Institute for Women's Empowerment & Diversity Management (to present)</p>	0
<p>Matters related to her candidacy for Outside Director</p> <p>Reasons for nomination as candidate for Outside Director: Although Yumi Sano has never been directly engaged in managing a company, she has extensive expertise and experience related to finance, economy, industry and social working gained through her career and can be expected to strengthen corporate governance at the Company by offering opinions concerning the overall group management based on her expertise and experience. The Company therefore proposes the election of Yumi Sano as Outside Director.</p> <p>Information on independent officer: There is no conflict of interest of any personal, financial, or commercial nature exists between the Company, its subsidiaries or their respective officers and her.</p> <p>The Company judges that no issue regarding conflict of interests is unlikely to occur between the general shareholders and her in accordance with the standards for independence prescribed by the Tokyo Stock Exchange and Standards for Selecting Independent Outside Directors specified by the Company.</p> <p>If she is elected as Director, the Company will designate her as an independent officer specified by the Tokyo Stock Exchange and will register her with the stock exchange.</p> <p>Outline of terms and conditions of limited liability agreement: If she is elected as Director, the Company will, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, conclude with her an agreement to limit her liability for damages as set forth in Article 423, Paragraph 1 of the same Act. In this case, the maximum amount of liability for damages under said agreement will be the minimum amount set forth in Article 425, Paragraph 1 of the Companies Act.</p>			

- Notes:
1. There are no special interests between any of the above candidates and the Company.
 2. Kazumi Sasai and Yumi Sano are candidates for Outside Director.
 3. Kazumi Sasai's term of office as Outside Director will be two (2) years at the conclusion of this General Meeting.

(Reference)

<Standards for Selecting Independent Outside Directors>

In principle, if an Outside Director of the Company does not correspond to any of the following persons, said Outside Director shall be deemed to be an independent person.

1. A person who is currently or in the past ten (10) years has been an Executive Director or employee (hereinafter referred to as “Executive”) of the Company or one of its subsidiaries (hereinafter referred to as the “Group”)
2. A current major shareholder of the Company (meaning a shareholder directly or indirectly holding five percent (5%) or more of voting rights) or its Executive
3. A major partner company of the Company (meaning a partner company for which transactions with the Group in the latest fiscal year provided two percent (2%) or more of the consolidated net sales of the Group or such partner company), or its Executive
4. A financial institution or any other major creditor that the Group requires for its fundraising and that the Group relies on and is irreplaceable for the Group or its Executive
5. The Executive of a corporation or any other entity that has received a donation of ten million (10,000,000) yen or more in the past three (3) years from the Group on average
6. A consultant, accounting specialist, or legal specialist (including a person who belongs to a corporation or entity if such consultant or specialist is a corporation or entity) who has received money or any other asset of ten million (10,000,000) yen or more in the past three (3) years from the Group on average, in addition to the officers’ remuneration
7. A person holding an executive position of a company that has appointed Executive of the Group as its Director
8. A spouse or relative (up to second degree) of any of the persons described in 1 to 7 above

Proposal 3: Payment of Directors' Bonuses

We wish to pay Directors' bonuses of thirty eight million three hundred forty thousand (38,340,000) yen in total (including one million one hundred seventy thousand (1,170,000) yen for an Outside Director) to the eleven (11) Directors (one of which is an Outside Director) incumbent at the end of the fiscal year ended March 31, 2017, taking into account the business results and other factors in the fiscal year ended March 31, 2017.

With respect to the amount to be paid to each Director and the timing and method of payment thereof, we request that it be left to the discretion of the Board of Directors.