

November 29, 2007

To Whom It may Concern:

Sekisui Plastics Co., Ltd.

Establishment of a “PIOCELAN” Manufacturing Company in Suzhou, China:

—as reinforcement of the strategic logistics base in our high-functional foam businesses—

We, Sekisui Plastics Co., Ltd. (Head Office: 4-4 Nishitenma 2-chome, Kita-ku, Osaka, Japan, President: Keizo Ono) have decided to establish a manufacturing company in Suzhou Industrial Park, China, which is scheduled to start its operation in spring of 2009.

As our 100% subsidiary, the new company will be engaged in production and sales of “Piocelan” (PS/PE composite foam plastics), to cope with its high speed extension of demand expected for automotive parts and components as well as packaging materials in IT industries in the Eastern Region of China.

This is our second production base in China, following Tianjin, and the sixth in the world, next to our production base in the Netherlands of which we made announcement last March.

The new company’ s registered capital is US\$7,200,000 (J¥830 million approx.), including about J¥500 million as the initial investment for the factory building, production equipment, lease tenant right, etc.

[Background]

Together with our manufacturing subsidiary already set up in Tianjin, the new company in Suzhou is to play a role in our business deployment strategy in China and Asia for our high-functional foam plastics and sheets with “Piocelan” as the core. As the reinforced bases for strategic supply to users in China, they will promote business extension by integrating production and sales in collaboration with Sekisui Plastics (shanghai) International Trading Co., Ltd. (our 100% subsidiary in Shanghai) and Yun Chu Chemistry Industrial Co., Ltd. (our 100% subsidiary in Taiwan). As a part of its strategy for this region, where users related to electronics equipment are accumulating and expanding, our new company in Suzhou takes into view on the middle term basis the deployment of cushioning and physical distribution materials, in addition to “Piocelan”.

[Business Deployment]

“Piocelan” , in its fabrication process, can be fabricated by using molding machines for general-purpose EPS (expandable polystyrene). Compared with similar molded plastic products offered by competitors, the fabricating cost of “Piocelan” can be reduced by 10-30%.

By setting up our raw material production base in the Eastern Region of China, where rapid growth of demand for packaging materials and structural components is expected, we will promote supply of our raw materials to customers in this region and increase our market share.

In the initial stage, we will focus our efforts on sales to the Japanese-affiliated automotive, IT and OA industries. In future, we will implement horizontal deployment of our sales activities for the European, American and Asian affiliated industries operating in this region.

Besides “Piocelan” , we take into view the deployment and expansion of “Epsrem” (environment-related products) and ” Neo-Microlen” and “Celpet” (high-functional foam sheets) businesses, at which we excel.

[Future Plans]

1. Operation start: April 2009
2. Production capacity: 1,200 tons approx./year (1 production line)

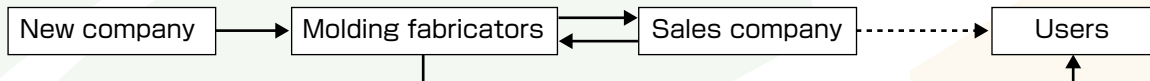
[Schedule prior to operation start]

1. May 2008: Commencement of construction work
2. March 2009: Completion of construction work
3. April 2009: Operation start

[Outline of the new company]

1. Trade name(provisional): (in English) Suzhou Sekisui Plastics Co., Ltd.
2. Business purpose: Production and sales of "Piocelan" (raw material for molded products=pre-puff)
3. Location: Suzhou Industrial Park, Suzhou City, Jiangsu Province, China
4. Compound area: 22,405m² (with lease tenant right for 50 years)
5. Form: 100% subsidiary company limited
6. Establishment date: January 31, 2008 (scheduled)
7. Production start: April 1, 2009 (scheduled)
8. Initial investment: J¥500 million approx.
9. Registered capital: US\$7,200,000 (J¥830 million approx.)
10. Personnel: 16 persons in 2009 (1 Japanese and 15 Chinese); 20 persons scheduled for 2011
11. Production system: 1,200 tons approx./year x 1 production line (gas impregnating and foaming facilities)
12. Sales plan: J¥1 billion in 2011

* The product in the form of pre-puff is sold to molding fabricators through our sales company in Shanghai.



* The new company will be supplied with the polymer for its main raw material by Sekisui Plastics Co., Ltd. and Yun Chu Chemistry Industrial Co., Ltd..

* Settlement: December

* Main customers: Japanese-affiliated automotive, IT and OA industries

[Inquiries]

General Affairs Department (Public Relations) Attention: Kawamura Tel: +81-6-6365-3013