

**Sumitomo Chemical Establishes Polypropylene Compound Joint  
Venture in the suburbs of Changchun, China**

Sumitomo Chemical Co., Ltd. (“Sumitomo Chemical”) and Jilin Xindongtai Engineering Plastics Co., Ltd. (“Xindongtai”), a Chinese plastic compound producer, established a joint venture company for the manufacture and sale of polypropylene (PP) compounds for automotive applications on August 12th, 2011. The new company will construct a PP compound manufacturing plant in the suburbs of Changchun.

PP compounds are high-performance materials made by kneading PP with synthetic rubber and inorganic fillers to improve such properties as impact resistance and rigidity for use in automobile bumpers and interiors. Demand for such materials is growing each year as automobile production increases and lighter vehicles require higher per-unit use of PP compounds. To meet growing need from automakers operating globally, Sumitomo Chemical has been actively expanding its PP business worldwide, establishing bases of operation in South China, Europe, North America, Thailand and Saudi Arabia.

China’s strong economic growth has made it the world’s largest market for automobiles, and in 2005 Sumitomo Chemical established a company, Zhuhai Sumika Polymer Compounds Co., Ltd., in the city of Zhuhai, Guangdong Province to meet demand for PP compounds mainly from South China. In addition, Sumitomo Chemical recently decided to establish a new company in Dalian, Liaoning Province in order to enhance supply capabilities for North China, further strengthening its PP compound business with Japanese and other automakers in the region.

Meanwhile, Chinese automakers have rapidly been increasing their presence in their local market over the recent years, and serving these customers will be a key to success for Sumitomo Chemical to accelerate future business expansion. The company’s decision to establish a base of operations in partnership with a local company represents its new initiative to achieve this end.

Sumitomo Chemical’s partner, Xindongtai, supplies PP and other plastic compound products chiefly to First Automobile Works Group Corporation, a leading state-owned Chinese automobile manufacturer. The joint venture will work to meet its customers’ diverse needs by harnessing the synergies generated by Xindongtai’s vital expertise and experiences in supplying local automakers and Sumitomo Chemical’s technological excellence in the PP field.

Sumitomo Chemical will continue to enhance its global PP compound supply capabilities to propel further business growth and establish a stronger earnings base.

#### Overview of the Joint Venture

Company name:	Jilin Dongcheng Sumika Polymer Compounds Co., Ltd.
Location:	Gongzhuling Economic development zone, Jilin province, China
Ownership:	Sumitomo Chemical: 50%; Xindongtai: 50%
Production capacity:	20,000 tons/yr.
Incorporation:	August 12th, 2011
Start of operations:	January 2012 (planned)

#### Overview of Xindongtai

Company name:	Jilin Xindongtai Engineering Plastics Co., Ltd.
Location:	Automobile industry development zone, Jilin province, China
Paid-in Capital:	CNY 5,000,000
Business activity:	Manufacture and sale of plastic compounds for automobiles and other applications
Chairman:	Zhang Xiqing