

September 28, 2017
Sumitomo Seika Chemicals Co., Ltd.

Sumitomo Seika Chemicals to Merge its Wholly-owned Subsidiary

The Board of Directors of Sumitomo Seika Chemicals today approved the merger of its wholly-owned subsidiary Seika Engineering by an absorption-type merger (the "Merger"), effective January 1, 2018.

1. Purpose of the Merger

Sumitomo Seika Chemicals positions the field of "the environment and energy" as one of main domains for The Gases and Engineering Division to seek new business creation and development, as announced in the Group's Medium- and Long- Term Business Plan, the SEIKA Grand Design 2025 "URUOI".

Seika Engineering is engaged in the manufacture and sales of various kinds of chemical plant equipment and pressure vessels. The planned Merger will not only strengthen the Division's engineering business, but also enable the Division to broaden the spectrum of business opportunities in the field of "the environment and energy" more efficiently and realize early and successful launching of new businesses.

2. Outline of the Merger

(1) Schedule of the Merger

Approval of the Merger Agreement by Board of Directors	September 28, 2017
Execution of the Merger Agreement	September 28, 2017
Effective Date of the Merger	January 1, 2018 (scheduled)

*The Merger will be executed without obtaining approval by the General Shareholders Meeting in accordance with the provisions of Article 796.2 of the Companies Act of Japan.

(2) Method of the Merger

Merger through absorption in which Sumitomo Seika Chemicals will be the surviving company and Seika Engineering will be dissolved.

(3) Treatment of Share Option and Corporate Bond with Share Option of the dissolving company

Not Applicable

3. Outline of Parties to the Merger

	Surviving Company	Absorbed Company												
1. Company Name	Sumitomo Seika Chemicals Co.,Ltd.	Seika Engineering Co.,Ltd.												
2. Address	346-1 Miyanishi, Harima-cho, Kako-gun, Hyogo	346-1 Miyanishi, Harima-cho, Kako-gun, Hyogo												
3. Representative Director	President and CEO Yusuke Ueda	President Katsuji Fukutani												
4. Business	Manufacture and sale of functional chemicals, super absorbent polymers, and gases. Design, manufacture and sale of chemical engineering equipment.	Manufacture of various chemical plant equipment												
5. Capital	9,698 million yen	45 million yen												
6. Established	July 1944	April 1976												
7. Total Outstanding Shares	13,972,970 (as of March 31, 2017)	90,000 (as of March 31, 2017)												
8. Fiscal Year-end	March 31	December 31												
9. Major Shareholders and Holding Ratio (as of March 31, 2017)	<table border="0"> <tr> <td>1. Sumitomo Chemical Co., Ltd.</td> <td>30.03%</td> </tr> <tr> <td>2. JP Morgan Chase Bank 385632</td> <td>4.98%</td> </tr> <tr> <td>3. Sumitomo Mitsui Banking Corporation</td> <td>4.01%</td> </tr> <tr> <td>4. Sumitomo Mitsui Trust Bank, Limited</td> <td>3.46%</td> </tr> <tr> <td>5. Japan Trustee Services Bank, Ltd. (account in trust)</td> <td>3.24%</td> </tr> <tr> <td>5. Sumitomo Life Insurance Company</td> <td>2.22%</td> </tr> </table>	1. Sumitomo Chemical Co., Ltd.	30.03%	2. JP Morgan Chase Bank 385632	4.98%	3. Sumitomo Mitsui Banking Corporation	4.01%	4. Sumitomo Mitsui Trust Bank, Limited	3.46%	5. Japan Trustee Services Bank, Ltd. (account in trust)	3.24%	5. Sumitomo Life Insurance Company	2.22%	Sumitomo Seika Chemicals 100%
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10. Financial position and operating results														
I. Fiscal Year Ended	March 31, 2017 (Consolidated)	December 31, 2016 (Non-consolidated)												
II. Total Assets	105,396 million yen	714 million yen												
III. Net Assets	60,884 million yen	254 million yen												
IV. Earnings per Share	4,239.34 yen	2,830.54 yen												
V. Net Sales	98,957 million yen	798 million yen												
VI. Operating	10,541 million yen	-99 million yen												
VII. Ordinary Income	10,006 million yen	-99 million yen												
VIII. Net Income	5,739 million yen	-73 million yen												
VIII. Net Income Per Share for the Term	416.16 yen	-811.98 yen												

4. Status After Merger Completion

There will be no change in Sumitomo Seika Chemical's trading name, head office address, name and title of representative director, business lines, paid-in capital, and fiscal year end.

5. Financial Outlook

A minimal impact on Sumitomo Seika Chemicals' consolidated financial results is anticipated as the Merger is a merger with its wholly-owned subsidiary.