

Establishment of joint venture to study an acrylonitrile project in Saudi Arabia

Asahi Kasei Chemicals, Saudi Basic Industries Corp. (SABIC), and Mitsubishi Corp. have today signed an agreement to establish a joint venture to implement a project to produce acrylonitrile (AN) in Saudi Arabia.

The Asahi Kasei Group has identified AN operations as a focus for global expansion through strategic investment of management resources, with the aim of gaining the No. 1 position in the global AN market. Solid demand growth for AN is forecasted to continue worldwide, and Asahi Kasei Chemicals had been considering the construction of a new AN plant to meet rising demand in the Middle East and North Africa as well as to supply Asian markets where there is concern of shortfall.

As such, Asahi Kasei Chemicals advanced study and negotiation with SABIC and Mitsubishi regarding the establishment of a joint AN production base in Saudi Arabia with superior cost-competitiveness. Having concluded today's agreement to establish a joint venture to facilitate concrete preparations for an AN project in Saudi Arabia, the three partners will now begin formulating the basic plant design and advance work on a detailed business plan. A final decision on capital expenditure will be made in 2012.

With its current production capacity of 750,000 tons/year (in Japan and Korea) as well as a new plant in Thailand (start-up scheduled for mid-2011) and in Korea (start-up scheduled for January 2013), the Asahi Kasei Group's AN production capacity will be the largest in the world at some 1.4 million tons/year upon completion of the new plant in Saudi Arabia.

Profile of the planned joint venture

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| Name (tentative): | Saudi Japanese Acrylonitrile Company [to be known as "Shrouq" (sunrise) in Arabic] |
| Head office: | Al-Jubail, The Kingdom of Saudi Arabia |
| Shareholding: | SABIC 50%, Asahi Kasei Chemicals and Mitsubishi 50% |
| Paid-in capital (initial): | 40 million Saudi riyal (≈ ¥1 billion) |
| Planned production capacity: | 200,000 tons/year AN (propylene process) 40,000 tons/year sodium cyanide* |

* Hydrogen cyanide by-product from AN production will be used as feedstock at a sodium cyanide plant to be constructed adjacently.

About SABIC

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| Vice Chairman & CEO: | Mohamed H. Al-Mady |
| Head office: | Riyadh, The Kingdom of Saudi Arabia |
| Business line: | Petrochemicals |
| Paid-in capital: | 30 billion Saudi riyal (US\$8.0 billion) |
| Main shareholder: | The Kingdom of Saudi Arabia (70%) |
| Net sales (2010): | 151.7 billion Saudi riyal (US\$40.5 billion) |