

March 24, 2008

To whom it may concern:

Company name: ASAHI PRETEC CORP.

Representative: Mitsuharu Terayama,

CEO and COO

(Code No.: 5855, the first section of the Tokyo Stock Exchange)

Inquiries: Toshio Kimura,

Director, Planning Division

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### **Notice Regarding the Incorporation of a Holding Company through Transfer of Stock**

ASAHI PRETEC CORP. (“ASAHI PRETEC”) is pleased to announce the decision of its Board of Directors to establish a holdings company – Asahi Holdings, Inc. (“Asahi Holdings”) through a stock transfer. This decision was taken at the Board meeting of March 24, 2008 and is subject to the passage of related resolutions at the general meeting of shareholders that is to be held on June 13.

Note that this Company’s stock is to be removed from the Tokyo Stock Exchange ahead of the proposed stock transfer and an application filed with the TSE in connection with the listing of the holding company that is to be established by said stock transfer.

#### **1. Our aims**

To date, ASAHI PRETEC has employed an operational headquarters system; with the establishment of Asahi Holdings, however, our aim is to consolidate the strategic functions of this organization towards enhancing the growth potential and profitability of the Group as a whole. The holding company will comprise two business arms: ASAHI PRETEC, which company will engage in the recycling of precious and rare metals, and Japan Waste Corporation (“Japan Waste”), which company will engage in the treatment of waste materials and other activities related to environmental protection. Each company will promote agile and flexible decision-making based on clearly defined management accountability, and will be provided enhanced independence and expertise to improve the quality of the services we extend to our customers.

Note that a number of waste treatment-related operations will continue to be conducted by ASAHI PRETEC during the initial stages of the shift to the holding company system due to the necessity of maintaining waste permits/licenses and the response of manifest systems etc., though the respective operations are to be successively transferred over to Japan Waste.

**2. Outline of the incorporation process**

(1) The incorporation scheme

The transition to the holding company system is to be effected through a two-step process comprising the establishment of a new subsidiary through contribution in kind of existing domestic subsidiary stocks, and the incorporation of a holding company through stock transfer (the matter in question).

This phased approach is to be adopted in consideration of the interruptions to our operations that would occur due to risking permits/licenses for the environmental protection operations, were we to employ the corporate divestiture system to restructure.

**[Phase 1] Establishment of a subsidiary through contribution in kind of domestic subsidiary stock**

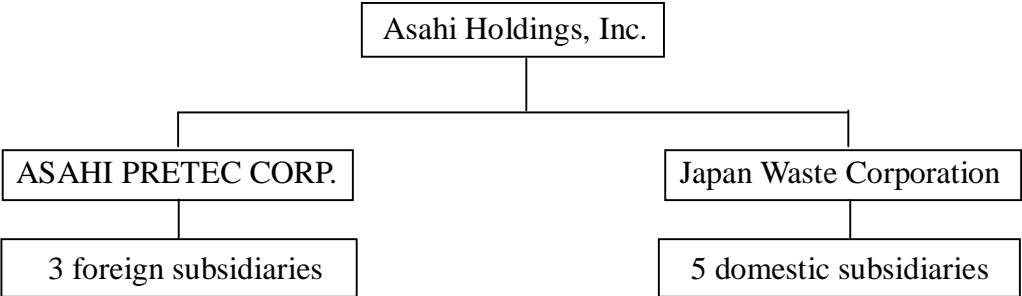
As of May 1, 2008, Japan Waste Corporation is to be established as a wholly owned subsidiary of ASAHI PRETEC as its sole parent company through the contribution in kind of all shares of the five domestic subsidiaries owned by ASAHI PRETEC (Nihon Chemitech Co., Ltd., Sansho Co., Ltd., Shioiri Kenzai Co., Ltd., Taiyo Chemical Ltd., Co., and Iyotec Co., Ltd. All subsidiaries are wholly-owned except Nihon Chemitech Co., Ltd., 99.15%.).



**[Phase 2] Establishment of a holdings company through stock transfer (the matter in question)**

Subject to approval at the general meeting of shareholders to be held on June 13, 2008, Asahi Holdings, Inc. is to be established as a pure holding company on April 1, 2009 through the joint transfer of Asahi Pretec and Japan Waste stock, with ASAHI PRETEC and Japan Waste to become wholly owned subsidiaries of the holding company.

Since Japan Waste is a wholly owned subsidiary of ASAHI PRETEC, however, new stocks in the holdings company are to be allocated exclusively to ASAHI PRETEC. Accordingly, Japan Waste will not be assigned any new stock of Asahi Holdings, Inc.



(2) Timetable of events (provisional)

May 1, 2008	Register the incorporation of Japan Waste Corporation
May 12, 2008	Presentation of the stock transfer plans to the Board of Directors for resolution
June 13, 2008	Approval of the stock transfer plans at the general meeting of shareholders
March 26, 2009	Delisting of ASAHI PRETEC stock
April 1, 2009	Registration of the incorporation of the holding company (date of entry into force)
April 1, 2009	Listing of the holding company on the Tokyo Stock Exchange

Note that, in light of the anticipated switch to electronic shares on January 5, 2009, no share certificates are to be issued for the holding company.

(3) Stock transfer ratio

	Asahi Holdings, Inc. (Parent company)	ASAHI PRETEC CORP. (Wholly owned subsidiary)
Stock transfer ratio	1	1

(Notes)

Stock allocation rate

One share of Asahi Holdings ordinary stock is to be issued for each share of ASAHI PRETEC ordinary stock. Since Japan Waste is a wholly owned subsidiary of ASAHI PRETEC, it will not be allocated any new stock.

The unit share system is to be adopted, with one unit comprising 100 shares of ordinary stock.

Rationale behind the stock transfer ratio calculations

This stock transfer transaction is intended to occasion the establishment of a sole holding company through the joint transfer of ASAHI PRETEC and Japan Waste stock; however, since Japan Waste is a wholly owned subsidiary of ASAHI PRETEC, any of the shares is not to be allocated to the new parent company (a pure holding company). Thus, the stock transfer will not cause any change in the composition of shareholders. No ASAHI PRETEC shareholder will be disadvantaged by the transaction since one share of Asahi Holdings ordinary stock is to be allocated for every share of ASAHI PRETEC ordinary stock.

Results, methods and rationale for the calculations performed by the third-party organization

No third-party calculations have been undertaken for the reasons given in Item above.

Number of new shares to be issued in connection with the stock transfer  
36,254,344 (provisional figures)

(4) Stock transfer inducement awards

ASAHI PRETEC will pay no inducement awards in connection with this stock transfer.

(5) Handling of share warrants and bonds with preemptive rights in what is to become a wholly owned subsidiary

The share warrants issued by this Company as a stock option remain exercisable, but are due to expire on June 16 this year and the new company will thus inherit no share warrants.

This Company has no outstanding bonds with share warrants.

(6) Matters relating to the listing application for the new company

A provisional date of April 1, 2009 has been set for the listing (start of trading in stock) of the sole parent company (pure holding company) that is to be established through this stock transfer; this date, however, may be subject to change in accordance with the rules of the Tokyo Stock Exchange.

ASAHI PRETEC CORP. stock is to be delisted with the listing of the pure holding company.

### **3. Profile of the companies involved in the stock transfer**

Data current as of September 30, 2007

(1) Trade name	ASAHI PRETEC CORP.
(2) Description of business	Recycling of precious and rare metals Environmental protection (detoxification of industrial waste)
(3) Date of incorporation	April 20, 1964
(4) Head office	21 Uozakihamamachi, Higashinada-ku, Kobe
(5) Representative	Mitsuharu Terayama, CEO and COO
(6) Capital	4,480 million yen
(7) Outstanding shares	36,254,344
(8) Net assets (consolidated)	35,281 million yen
(9) Total assets (consolidated)	44,470 million yen
(10) Account closing	March 31
(11) Employees	772

(12) Major shareholders and holding ratios	Mitsuharu Terayama	10.21%	
	Masamichi Terayama	7.45%	
	Japan Trustee Services Bank Ltd.	4.33%	
	The Master Trust Bank of Japan, Ltd.	3.18%	
	Sachiko Hanai	2.33%	
(13) Main financing banks	Bank of Tokyo-Mitsubishi UFJ, Sumitomo Mitsui Banking Corporation, Mitsubishi UFJ Trust and Banking		
(14) Business results for the past three years (consolidated)			
Account closing	March 31, 2005	March 31, 2006	March 31, 2007
Sales (¥ millions)	46,937	62,372	97,623
Operating profit (¥ millions)	3,513	5,563	9,577
Ordinary profit (¥ millions)	3,463	5,561	9,573
Net profit (¥ millions)	1,956	3,272	5,720
Net profit per share (¥)	95.37	145.72	159.91
Net assets per share (¥)	1,029.24	1,150.69	893.27
Annual dividend per share (¥)	27	36	55

(Note) The Company effected a 1.5-for-one stock split on October 1, 2006 and the net profit per share and net asset per share figures for March 31, 2007 have thus been calculated on the assumption that the stock split was undertaken at the beginning of the term in question.

Scheduled for incorporation on May 1, 2008

(1) Trade name	Japan Waste Corporation	
(2) Description of business	Waste treatment and other environmental protection related activities	
(3) Date of incorporation	May 1, 2008 (provisional)	
(4) Head office	Chuo-ku, Kobe (provisional)	
(5) Representative	Yoshikatsu Takeuchi, CEO (provisional)	
(6) Capital	1.5 billion yen (provisional)	
(7) Account closing	March 31 (provisional)	
(8) Major shareholders and holding ratios	ASAHI PRETEC CORP.	100% (provisional)

#### **4. Profile of the company to be established as the result of the stock transfer**

(Scheduled for incorporation on April, 2009)

(1) Trade name

Asahi Holdings, Inc.

(2) Description of business

Management of the umbrella group companies and operations incidental thereto

(3) Address

Chuo-ku, Kobe

(4) Provisional list of company directors and representatives

President: Mitsuharu Terayama (Rep) (current representative of ASAHI PRETEC )

Director: Yoshikatsu Takeuchi (current director of ASAHI PRETEC )

Director: Toshio Kimura (current director of ASAHI PRETEC )

Director: Noboru Akahane (current director of ASAHI PRETEC )

Director: Tomoya Higashiura (current director of ASAHI PRETEC )

Director: Masaki Hirano (current director of ASAHI PRETEC )

Statutory Auditor: Katsunori Shimasaki (current director of ASAHI PRETEC)

Statutory Auditor: Kazuhiko Tokumine\* (current auditor of ASAHI PRETEC)

Statutory Auditor: Sumiaki Ariumi \* (current auditor of ASAHI PRETEC )

(Note) \* is an outside statutory auditor

(5) Capital

4,480 million yen

(6) Account closing

March 31

(7) Financial outlook

Information on the earnings prospects of this Company following the stock transfer will be released as soon as such becomes available.