



May 25 , 2017

KYC Machine Industry Co.,Ltd.

Announcement of Incorporation of Joint Venture Company in Philippines

We are pleased to announce that we incorporated a Joint Venture Company in the Philippines, JP SYSTEMS ASIA, INC. (JPSAI) together with Sansin Sangyo Co., Ltd. (Oita City, Oita prefecture, hereinafter "Sansin") and Equipment Engineers, Inc. (hereinafter "EE"), a subsidiary of major general construction company EEI Corporation in the Philippines (hereinafter "EEI"). The Joint Venture Company was incorporated last December 2016 and started the scaffolding rental operations in April 2017.

Purpose of Incorporation of Joint Venture Company

The Philippines has the second largest population among the ASEAN countries, and the economy is growing remarkably with real GDP growth exceeding an average of 6% annually.

We have provided scaffolding and shoring technologies to EE since 2015. Currently, EEI is into the business of constructing high rise buildings, power plants, infrastructure projects like airports, railroad systems and highways and plays a central role in the construction industry in the Philippines.

We regard the Philippines as an important market among ASEAN countries where our network is being developed. We continue to strengthen and expand the scaffolding business in this region by establishing the Joint Venture Company with our partner EE and Sansin, a leading scaffolding rental company in Kyusyu.

Overview of Joint Venture Company

Name of company: JP SYSTEMS ASIA, INC.

Location: 12 Manggahan St. Barangay Bagumbayan, Quezon City, Metro Manila, Philippines

Representative: Garizaldy F .Cruz

Capital Amount: Philippines Pesos 50Million

Capital Ratio: EE 60% KYC20% Sansin 20%

Business Description: Rental and sales of scaffolding

Overview of EE

Name of company: EQUIPMENT ENGINEERS, INC.

Location: 12 Manggahan St. Barangay Bagumbayan, Quezon City, Metro Manila, Philippines

Representative: Roberto Jose L .Castillo

Capital Amount: Philippines Pesos 375Million

Overview of Sansin

Name of company: Sansin Sangyo Co., Ltd.

Location: Shingai 6-7, Oita City, Oita Prefecture

Representative: Ohno Masato

Capital Amount: Japanese yen 50 Million

【Contact for this announcement】

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