

*News Release*

September 4, 2019

## Acquisition of Shares in Unimech Group Berhad and Agreement of Capital and Business Alliance

KITZ Corporation (hereinafter "KITZ") announced today that it has entered into a share purchase agreement with Unimech Group Berhad (Malaysian major valve manufacturer and distributor, listed on the Malaysian Stock Exchange, headquartered in Penang, Malaysia, CEO : Mr. Lim Cheah Chooi, hereinafter "UNIMECH") and has reached a basic agreement on a capital-and-business alliance as follows.

### 1. Background of Capital and Business Alliance

In 4th Mid-Term Management Plan (FY2019-2021), which has already started, KITZ is working to expand its business with the goal of "Aiming for Global Strong No. 2" in the valve manufacturing business.

In overseas markets, KITZ has set up new sales / marketing bases in countries around the ASEAN with the key goal of "full-scale entry into the middle-class (volume) zone of the Asian region."

However, as sales of KITZ/TOYO brand products are mainly for the high-end market at this moment, we consider developing new brand products and establishing new sales channels as possible new strategies.

On the other hand, as a major Malaysian valve manufacturer and distributor, UNIMECH has a broad sales network and procurement capabilities, mainly in the ASEAN and China region. It has strengths, particularly in light industries such as the palm oil industry in Malaysia and Indonesia, centered on ARITA brand-name products.

We believe that building equity relationships with UNIMECH, combining the KITZ Group's technological/manufacturing capabilities, the UNIMECH Group's sales/marketing capabilities, and the brands of both companies, and effectively complementing each other's management resources, will lead to an increase in the corporate value of both groups, as well as to an increase in the convenience of end users who use our products.

### 2. The content of the Capital Alliance

KITZ plan to acquire 37,551,132 shares of common stock (25.1% of the total outstanding shares) at 1.65 RM per share for a total of approximately 61.9 million RM (approximately 1.56 billion yen).

### 3. The content of the Business Alliance

- (1) Create synergy by leveraging UNIMECH's purchasing and marketing capabilities, as well as our design-development, quality-control, and manufacturing technologies.

- (2) Expand market shares by building KITZ/TOYO and ARITA brand portfolios in the Asian region and developing promising markets jointly.
- (3) Sales channels will be mutually utilized to expand sales of both companies' products.
- (4) Utilize UNIMECH's logistics and services.
- (5) Considering the possibility to establish a joint venture company.

#### 4. Outline of UNIMECH Group Berhad

(1) Name	Unimech Group Berhad		
(2) Location	Suite S-21-H, 21st Floor, Menara Northam, 55 Jalan Sultan Ahmad Shah, 10050 Georgetown, Pulau Pinang		
(3) Representative	Lim Cheah Chooi, CEO		
(4) Contents of Business	Wholesale, Manufacturing and Sale of Industrial Valves, Pipes, Fittings, Burners and Boilers, Meters, Pumps		
(5) Capital	RM107,890,926.77		
(6) Date of Establishment	October 25, 1996		
(7) Consolidated Financial conditions and operating results (3 years)	(Unit: Thousand RM)		
Fiscal Year	FY2016	FY2017	FY2018
Revenue	239,309	247,347	273,835
Profit Before Tax	18,909	21,024	34,072
Profit Attributable to Owners of the Parent	8,665	11,671	19,541
Total Equity Attributable to Owners of the Parent	245,334	242,777	246,703

#### 5. Schedule of the Business Alliance Agreement

(1) Execution Date	September 3, 2019
(2) Effective Date	September 3, 2019

#### 6. Future Outlook

Although the impact of this capital and business alliance on financial results at this moment is immaterial, we believe that it will contribute to enhancing the corporate value of both companies in the future. We will promptly notify you if it becomes clear that this will have a material impact on our business performance.