

6-1-45, Koshienguchi, Nishinomiya-shi, Hyogo, Japan
Kyokuto Kaihatsu Kogyo Co., Ltd.

Announcement on the Establishment of a Manufacturing and Sales Base in Thailand

We are pleased to announce that we and NIPPON TREX Co., Ltd. (Headquarters: 350, Minamiyamashinden, Inacho, Toyokawa-shi, Aichi, Japan, President: Ryuichiro Nishikawa, Manufacturing and sales of trailers and truck bodies, etc.) have decided to establish a new base in Thailand for the manufacturing and sales of van bodies and special purpose vehicles.

1. Purpose

Our top management priority is to reinforce the overseas business expansion targeting the areas of expected demand for special purpose vehicles, our main line of products, in the medium - and long - term in order to promote future development of the Kyokuto Kaihatsu Group.

Under such circumstances, we have decided to launch a manufacturing base in Thailand, where the development of infrastructure and logistics network is rapidly expanding. It will be the fourth overseas manufacturing base of the Group, following the plant in Kunshan (China), India, and in Indonesia and also be the first one for NIPPON TREX. Based on a conclusion that the best approach for establishing our base in Thailand is to perform manufacturing and sales in collaboration with local companies, as well as trading companies who are familiar with the local situation, to prepare for our future business expansion, we have decided to establish and operate a joint venture company of the four companies; THAI RUNG UNION CAR PUBLIC CO., LTD., which supplies automotive and construction machine manufacturers operating in Thailand, runs car dealers and sells its own brand of vehicles, MITSIAM INTERNATIONAL, LIMITED, a local subsidiary of MITSUI & CO.(THAILAND) LTD., Kyokuto Kaihatsu Kogyo Co., Ltd. and NIPPON TREX Co., Ltd. This joint venture company will focus on cargo vehicles and special purpose vehicles related constructions, which are expected to be in great demand in Thailand in the future where a growing number of Japanese enterprises are expanding their business, for uses in promoting introduction of Japanese style logistic systems and large-scale development of infrastructure led by the government of Thailand. The company will be engaged in the manufacturing and sales of wing vans, 10-door vans built to the specification suitable for local market, and dump trucks.

We will continue to actively invest our management resources in business development overseas and make a concerted effort to expand the Group's business.

2. Overview of the new company

(1)	Corporate name	TREX THAIRUNG Co., Ltd.
(2)	Location	Amata City Industrial Estate (Pluakdaeng, Rayon Province) *120 Km south east of Bangkok
(3)	Description of business	Manufacturing and sales of wing vans, 10-door vans, and dump trucks
(4)	Capital	300 million baht (Approximately 936 million yen) *Calculated at an exchange rate of 1 baht = 3.12 yen
(5)	Shareholder composition	Kyokuto Kaihatsu Kogyo Co., Ltd. (15%) NIPPON TREX Co., Ltd. (30%) THAI RUNG UNION CAR PUBLIC CO., LTD. (40%) MITSIAM INTERNATIONAL, LIMITED (15%)

- (6) Board structure [Kyokuto Kaihatsu Group]
 Three directors (One chairman of the board, managing director, director)
 [THAI RUNG UNION CAR PUBLIC CO., LTD.]
 Three directors (One vice chairman of the board, two directors)
 [MITSIAM INTERNATIONAL, LIMITED]
 One director (One director)
- (7) Area of plant (plot) Approximately 85,000 m²
- (8) Area of plant (building) Approximately 15,000 m²
- (9) Products Wing vans, 10-door vans, dump trucks
3. Performance plan (for the fiscal year ended December 31, 2017)
 *Calculated at an exchange rate of 1 baht = 3.12 yen.
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|-----------|--------------------------------------|
| Sales | 705 million baht (2,200 million yen) |
| Employees | 130 |
4. Timeline (provisional)
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|--------------|---|
| April 2014 | Establishment of the joint venture company |
| January 2015 | Launch of manufacturing and sales operations at the joint venture company |
5. Overview of the joint venture partner
- [1] THAI RUNG
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| (1) Corporate name | THAI RUNG UNION CAR PUBLIC CO., LTD. |
| (2) Location | Nongkhaem, Bangkok, Thailand |
| (3) Representative | Sompong Phaoenchoke |
| (4) Description of business | Manufacturing and sales of pressed products and passenger cars, operation of car dealers, real estate business, etc. |
| (5) Group employees | Approximately 2,000 |
| (6) Group performance (during the fiscal year ended December 31, 2012) | |
| *Calculated at an exchange rate of 1 baht = 3.12 yen. | |
| Sales | 2,336 million baht (Approximately 7,288 million yen) |
| Total assets | 2,812 million baht (Approximately 8,773 million yen) |
- [2] MITSIAM
- | | |
|-----------------------------|---|
| (1) Corporate name | MITSIAM INTERNATIONAL, LIMITED |
| (2) Location | Sathon, Bangkok, Thailand |
| (3) Representative | Shingo Sato |
| (4) Description of business | Trading company based in Thailand, a subsidiary company of MITSUI & CO. (THAILAND) LTD. |
6. Future outlook
- Since the joint venture company is scheduled to start its operation in January 2015, its establishment will not affect the results of the current consolidated accounting period.

<<Photo from the signing ceremony>>



(From the left)

Ryuichiro Nishikawa, President of NIPPON TREX Co., Ltd.

Takaaki Fudetani, Chairman of the Board of Kyokuto Kaihatsu Kogyo Co., Ltd.

Pranee Phaoenchoke, President of THAI RUNG UNION CAR PUBLIC CO., LTD.

Shingo Sato, President of MITSIAM INTERNATIONAL, LIMITED

Sompong Phaoenchoke, Managing Director of THAI RUNG UNION CAR PUBLIC CO., LTD.

<<New company's logo>>

