September 28, 2018

To all,

Company: Shinko Plantech Co., Ltd.
Representative: Yoshiharu Yoshikawa
President and Representative Director
(Code No.: 6379, first section of Tokyo Stock Exchange)
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Announcement of Execution of Memorandum of Understanding on Management Integration with JX Engineering Corporation

Shinko Plantech Co., Ltd. ("Company") announces that it has today entered into a memorandum of understanding ("MOU") with JXTG Holdings, Inc. ("JXTGHD") and its subsidiary JX Engineering Corporation ("JX Engineering," with the Company and JX Engineering being collectively referred to as "Both Companies," and Both Companies and their respective subsidiaries and affiliates being collectively referred to as "Both Groups"), under which they intend to implement management integration ("Management Integration") with the target effective date being April 1, 2019. Both Companies will proceed with discussion and consideration aimed at entering into a definitive agreement on the Management Integration ("Management Integration Agreement") around December 2018.

1. Background and Purpose of the Management Integration

The Company is a comprehensive plant maintenance company with engineering expertise offering maintenance and engineering services for plants in a broad range of industries, including oil, petrochemicals, general chemicals and pharmaceuticals. As described in its medium-term management plan "The 6th Med-term Business Plan – Evolving into a solution service company with maintenance and engineering services," the Company is working to achieve sustainable growth and enhancement of corporate value over the medium to long term, raising the following as its management visions: to achieve sustainable growth and enhancement of corporate value over the medium to long term with engineering expertise to maintain any facilities; to provide appropriate service solutions meeting the diversified needs of customers by increasing the sophistication of its service provision capability; and to achieve future growth and business infrastructure reinforcement by promoting further diversification of its business portfolio, not only through maintaining and expanding its top market share in the areas of oil and petrochemicals but also through expanding its share in the areas of chemicals, foods and pharmaceuticals.

JX Engineering is a comprehensive engineering company offering full support to JXTG group and customers from a broad range of industries, including oil and petrochemicals, metal and functional materials, oil logistics, and electric power, for their engineering operations. JX Engineering offers top quality services in each phase of the total life cycle – from EPC service (from basic planning, engineering and procurement to construction) and commissioning service to maintenance service after the start of operation of various plants, tanks and buildings, etc. – and actively challenges new fields through in-house development of equipment and facilities as well as research and development of plants by making full use of its cutting-edge technologies.

The Company, JXTGHD and JX Engineering are aware, considering the business environment in which Both Groups operate, of the possibility that: (1) the facility engineering market may shrink due to reduction of demand for oil products; (2) the importance of maintenance and customer requests for technologies may increase as existing

facilities are aging; and (3) the demand for new construction and renovation of production facilities may increase in the future due to diversification of product demand in a new society. They also have a common understanding that securing and fostering talented people is imperative to meet new demands and continue to grow.

Under these circumstances, the Company, JXTGHD and JX Engineering have had various discussions over the feasibility of further growth and development of Both Groups. As a result, they have reached a common recognition that the combination of "high-level construction management ability" as the Company's strength with "high-level engineering technologies" as JX Engineering's strength by concentrating management resources of Both Groups through the integration would enable them to become a national leading company of plant maintenance with high-level engineering expertise, and it would contribute to the enhancement of the corporate value of Both Groups, which would benefit all stakeholders.

The Management Integration is intended to expand the size of each business of a new company after the Management Integration, meeting the diversified demands for new construction and renovation of production facilities by combining the characteristics of the Both Companies and mutually making use of their respective resources. Further, the Management Integration is expected to widen opportunities for the employees of the Company and JX Engineering more than ever, increase the motivation of employees, and contribute to the ongoing development of engineering technologies.

The Company, JXTGHD and JX Engineering will proceed with discussion and consideration with a basic policy of mutually making best efforts in good faith, based on a spirit of fairness, justice, and equality, so that the purpose of the Management Integration can be achieved.

2. Overview of the Management Integration

(1) Schedule for the Management Integration

Execution of the MOU	September 28, 2018 (today)
Execution of the Management Integration Agreement	December 2018 (subject to change)
Extraordinary shareholders' meeting of the Company (Approval of the Management Integration)	February 2019 (subject to change)
Due date of the Management Integration (Effective date)	April 1, 2019 (subject to change)

(2) Method of the Management Integration

Subject to approval at the Company's shareholders' meeting and the receipt of any permits and approvals from relevant authorities necessary for the Management Integration, an absorption-type merger will be implemented with the Company being a surviving company and JX Engineering as an absorbed company. Specific method of the Management Integration will be (after considering the business reasonableness of the new company after the Management Integration) finally determined upon discussion between the Company, JXTGHD and JX Engineering by the time of the execution of the Management Integration Agreement.

(3) Fundamental matters including corporate name, representative, and composition of officers of the company after the Management Integration

For the name of the company after the Management Integration, a new name suitable for the new company will be considered and decided by the time of the execution of the Management Integration Agreement. With regard to the management structure after the Management Integration, the new company will be a company with an audit and supervisory committee, and it will elect independent external directors in accordance with the corporate governance code stipulated by the Tokyo Stock Exchange and other relevant standards in order to ensure high-degree of management independence.

The Representative person, the composition of officers and other matters will be determined upon discussion between the Company, JXTGHD and JX Engineering.

(4) Merger ratio of the Management Integration

The merger ratio of the Management Integration will be determined upon discussion between the Company, JXTGHD and JX Engineering by the time of the execution of the Management Integration Agreement, with reference to the Company's market share price, the evaluation to be made by respective financial advisors employed by each of the Company and JXTGHD, and the results of due diligence to be mutually conducted by the Company on one hand and JXTGHD and JX Engineering on the other hand.

(5) Prospect for continuation of listing

An absorption-type merger is planned to be implemented for the Management Integration, with a basic policy of ensuring management independence as a listed company. The Company, which will be a surviving company if the absorption-type merger is implemented, is expected to continue listing its ordinary shares on the first section of the Tokyo Stock Exchange on and after the effective date of the Management Integration.

(6) Measures to avoid conflict of interest

Among the directors of the Company, Mr. Hidetoshi Ueno, from a subsidiary of JXTGHD that holds 13.20% of the total issued shares in the Company (excluding treasury shares), has not participated in discussion or negotiation with JXTGHD and JX Engineering on the Management Integration in order to avoid any conflict of interest, nor has he participated in examination or resolution at the board meeting about the execution of the MOU and the establishment of the independent committee described in "5. Other" below.

3. Overview of the companies subject to the Management Integration

(1)	Name	Shinko Plantech Co., Ltd.	JX Engineering Corporation
(2)	Location	27-5, Shin-isogocho, Isogo-ku, Yokohama-shi	1-8, Sakuragi-cho 1-chome, Naka-ku, Yokohama-shi
(3)	Title and name of representative	Yoshiharu Yoshikawa, President and Representative Director	Ichiro Kurata, President and Representative Director
(4)	Content of Business	Planning, design, production, construction, installation, maintenance work, etc. of facilities and structural objects such as tanks for various industries including oil, petrochemicals and general chemicals	Planning, implementation, supervision, and acceptance, etc. of various construction works and maintenance works
(5)	Capital	2,754 million yen (as of the end of March 2018)	300 million yen (as of the end of March 2018)
(6)	Date of foundation	July 20, 1938	December 1, 1967
(7)	Number of shares outstanding	46,310,892 shares (as of the end of March 2018)	863,160 shares (as of the end of March 2018)
(8)	Fiscal year-end	March 31	March 31
(9)	Number of employees	1,433 (on a consolidated basis) (as of the end of March 2018)	603 (on a non-consolidated basis) (as of the end of March 2018)
(10)	Main customers	(Customer) JXTG Nippon Oil & Energy Corporation	(Customer) JXTG Nippon Oil & Energy Corporation
(11)	Main financing banks	Mizuho Bank, Ltd. MUFG Bank, Ltd.	Sumitomo Mitsui Banking Corporation
(12)	Major shareholders and	JXTG Holdings, Inc. 13.20%	JXTG Holdings, Inc. 70.0%

shareholding ratio	The Master Trust Bank of Japan, Ltd. (trust account) 4.96% Japan Trustee Services Bank, Ltd. (trust account) 4.36% BBH FOR FIDELITY PURITAN TR: FIDELITY SR INTRINSIC OPPORTUNITYS FUND (standing proxy: MUFG Bank, Ltd.) 3.89% NIPPO CORPORATION 3.24% STATE STREET BANK AND TRUST COMPANY(standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch) 3.12% HIKARI TSUSHIN, INC. 2.72% BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO) (standing proxy: MUFG Bank, Ltd.) 2.56% Shinko Plantech Customer Shareholding Association 2.01% Japan Trustee Services Bank, Ltd. (trust account 5) 1.78% (as of the end of March 2018)	NIPPO CORPORATION 30.0% (as of the end of March 2018)

(13)	Relationship between the companies concerned	
	Capital relationship	There is no material capital relationship.
	Personal relationship	There is no material personal relationship.
	Transactional relationship	Among the net sales of completed construction contracts of the Company, 26,441 million yen is attributable to transactions with JXTG Nippon Oil & Energy Corporation, a subsidiary of JXTGHD.
	Applicable relationship with related parties	Since JXTGHD is a major shareholder of the Company and the parent company of JX Engineering, JX Engineering is a related party of the Company.

(14) Results of operations and financial conditions during the past three years

Fiscal year	Company (on a consolidated basis)			JX Engineering (on a non-consolidated basis)		
	Fiscal year ended in March 2016	Fiscal year ended in March 2017	Fiscal year ended in March 2018	Fiscal year ended in March 2016	Fiscal year ended in March 2017	Fiscal year ended in March 2018
Net assets	37,229	41,709	45,012	17,391	16,723	17,577
Total assets	72,320	77,103	73,847	30,074	30,450	34,419
Net assets per share (yen)	793.24	887.99	956.99	20,148.09	19,373.86	20,363.30
Net sales of completed construction contracts	89,491	101,924	89,612	42,142	36,899	50,105
Operating profit	6,793	7,904	6,376	2,000	1,598	2,001

Current profit	6,592	7,934	6,635	2,205	1,799	2,134
Net profit for the year attributable to owners of parent	3,897	4,747	4,452	1,431	1,197	1,448
Earnings per share (yen)	84.31	102.68	96.31	1,657.73	1,386.77	1,677.45
Dividends per share (yen)	30.00	42.00	39.00	2,160.00	690.00	840.00

(in million yen, except for per-share information)

4. Future outlook

Any pending matters will be announced as soon as they are decided. The Management Integration will have minor effects on the Company's operating results for the fiscal year ended in March 2019.

5. Other

In addition to the execution of the MOU, the board of directors of the Company resolved to establish an independent committee composed of members independent of any of the Company, JXTGHD and JX Engineering to ensure fairness of the procedures for the Management Integration. The Company intends to proceed with careful consideration on the Management Integration, based on opinions from the independent committee, etc.