

## Regarding the Business Transfer of Consolidated Subsidiary as well as Dissolution and Liquidation of the Said Subsidiary

April 28, 2016

At the Board of Directors' meeting held today, we resolved the transfer of the entire business of HST CO.,LTD. and HST (HONG KONG) LTD., our consolidated subsidiary, to HIROSE ELECTRIC CO., LTD. and HIROSE ELECTRIC HONG KONG TRADING CO.,LTD.(consolidated subsidiary of HIROSE), each.

We have also resolved the dissolution and liquidation of HST CO.,LTD. and HST (HONG KONG) LTD. after the business transfer.

Moreover, the determination of the transfer price and the conclusion of the transfer agreement are scheduled on the end of June.

### **1. Reason for Business Transfer and Dissolution and Liquidation of Subsidiary**

HST CO.,LTD. and HST (HONG KONG) LTD. manufactures and sells switch and sensors. HIROSE ELECTRIC will now have uniform management of their productivity, design capability, and purchasing power, which leads to effective use of management resource and compound activity, as well as enhancing their business by having a synergy effect. Due to reasons above, HST CO.,LTD. and HST (HONG KONG) LTD. will transfer their business to HIROSE ELECTRIC CO., LTD. and HIROSE ELECTRIC HONG KONG TRADING CO.,LTD.

The business transfer date is scheduled on October 1<sup>st</sup>, 2016. HST CO.,LTD. and HST (HONG KONG) LTD. is scheduled to be dissolved and liquidated after the business transfer.

### **2. Overview of Business Transfer**

#### **(1) Overview of the Subsidiary**

(1) Name	HST CO.,LTD.
(2) Location	5-23, Osaki 5-chome, Shinagawa-ku, Tokyo, HRS building
(3) Representative	President and Representative Director, Kazunori Ishii
(4) Business	Manufacture, sales of electronic devices (switch, sensors)
(5) Capital stock	95 million yen

(6) Established on	March 6 <sup>th</sup> , 1973	
(7) Shareholder	HIROSE ELECTRIC CO., LTD. 100%	
(8) Relationship with the listed company	Capital relationship	100% subsidiary of HIROSE
	Human relationship	3 directors and 1 auditor from HIROSE is appointed as their executive
	Business relationship	No substantial relationship
	Status as related parties	Said company is 100% subsidiary of HIROSE, so meets the requirement of related party
(9) Financial status and results of preceding fiscal year	Settlement term	March 31 <sup>st</sup>
	Shareholders' equity	1,004 million yen
	Total assets	1,271 million yen
	Sales revenue	1,933 million yen
	Operating profit	-53 million yen
	Recurring profit	-78 million yen
	Net profit	-79 million yen

(1) Name	HST (HONG KONG) LTD.	
(2) Location	Room 1003, West Wing, Tsim Sha Tsui Centre, 66 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong	
(3) Representative	President, Kazunori Ishii	
(4) Business	Purchase, sales of electronic devices (switch, sensors)	
(5) Capital stock	17 million yen	
(6) Established on	April 20 <sup>th</sup> , 2001	
(7) Shareholder	HST CO.,LTD. 100%	
(8) Relationship with the listed company	Capital relationship	100% subsidiary of HST CO.,LTD. which is 100% subsidiary of HIROSE
	Human relationship	2 directors from HIROSE is appointed as their executive
	Business relationship	No substantial relationship
	Status as related parties	Said company is 100% subsidiary of HIROSE, so meets the requirement of related party

(9) Financial status and results of preceding fiscal year	Settlement term	March 31 <sup>st</sup>
	Shareholders' equity	894 thousand US Dollars (100 million yen)
	Total assets	2,851 thousand US Dollars (321 million yen)
	Sales revenue	10,202 thousand US Dollars (1,225 million yen)
	Operating profit	207 thousand US Dollars (24 million yen)
	Recurring profit	208 thousand US Dollars (25 million yen)
	Net profit	174 thousand US Dollars (20 million yen)

### 3. Future Schedule

(1) Resolution date of the board of directors (Settlement of transfer price)	End of June, 2016 (planned)
(2) Date of concluding the contract	End of June, 2016 (planned)
(3) Due date of business transfer	Oct 1 <sup>st</sup> , 2016 (planned)
(4) Date of completion of liquidation	End of December, 2016 (planned)

### 4. Future Outlook

The said subsidiaries are HIROSE's wholly owned subsidiaries, so the impact of this dissolution and liquidation on consolidated result of fiscal year ending March 2017 will be negligible, and it is included in the consolidated business forecast.

Moreover, should any events occur that needs disclosure we will announce immediately.

(Reference) Business forecast for this fiscal year and actual result of previous fiscal year  
(Consolidated) (hundred millions of Yen)

	Sales	Operating profit	Recurring profit	Net profit attributable to parent shareholders
Business forecast for this FY (Year-ending March 2017)	112,000	27,000	28,000	195,000
Actual result of previous FY (Year-ended March 2016)	120,284	28,794	30,516	21,104