

September 30, 2016

[Translation]

Company Name: Sharp Corporation  
Representative: J.W. Tai  
President & Chief Executive Officer  
(Code No. 6753)

**Notice Regarding the Business Alliance with ChengDu Jusda Supply Chain Management Co., LTD., and the Establishment of a New Company**

Sharp Corporation (“Sharp”) announces that, at the Board of Directors meeting held today, it has resolved to enter into a business alliance with ChengDu Jusda Supply Chain Management Co., LTD. (“JUSDA”) and newly establish SHARP JUSDA Logistics Corporation (“SJL”) (the “Establishment of the Company”).

1. Reason for the business alliance and the Establishment of the Company

With the commencement of the new management system, Sharp drastically changed the entire company organization as of August 27, aspiring to establish an iconic global brand to achieve a surplus as soon as possible in order to ensure stable growth; and further, Sharp expressed its plan to transform its corporate section into a profit center by drastically reviewing its business processes and enhancing its expertise.

With respect to the logistics solution-related business which Sharp has operated, Sharp decided to form a business alliance with JUSDA, which has global logistics-related operations and logistics solution operations in the Hon Hai group, and aggregate in SJL the logistics solution-related operations which Sharp has conducted. From now and into the future, Sharp will proceed with discussions with JUSDA as to how the business alliance will be carried out through SJL.

In cooperation with JUSDA, SJL will enhance the logistics operating function and management function, and will also offer logistics solutions externally in the future, aiming to increase profits from the perspectives of both “making the logistics efficient and reducing the logistics cost” and “business expansion by offering logistics solutions to external customers”.

2. Details of the business alliance and the operations of the company to be established

(1) Scope of the business alliance and the operations of the company to be established

Freight transportation, freight transportation agency, warehousing, customs brokerage, and any business either incidental or related to them

(2) Outline of the company to be established

(i) Name	SHARP JUSDA Logistics Corporation
(ii) Location	1 Takumi-cho, Sakai-ku, Sakai-shi
(iii) Title and Name of Representative	Toshiaki Takayama, Representative Director
(iv) Details of Business	As described in (1) above
(v) Capital	50 million yen
(vi) Date of Establishment	October 3, 2016 (to be fixed)

(vii)	Fiscal Year End	March 31
(viii)	Total Assets	100 million yen (at establishment)
(ix)	Net Assets	100 million yen (at establishment)
(x)	Relationship between the Listed Company and the Relevant Company	
	Capital Relationship	Sharp will own all shares of the relevant company at establishment.
	Personnel Relationship	Mr. Toshiaki Takayama, will be the Representative Director of the relevant company, and is the representative director of Sharp.
	Transaction Relationship	The relevant company is scheduled to be entrusted with Sharp's logistics operations and the like.
	Status as a Related Party	The relevant company is a related company of Sharp, and falls under the category of a related party of Sharp. No related person or related company of the relevant company falls under the category of a related party of Sharp.

3. Outline of the other party to the business alliance

(i)	Name	ChengDu Jusda Supply Chain Management Co., LTD.		
(ii)	Location	Chengdu City, Sichuan Province, China		
(iii)	Title and Name of Representative	Kathy Yang, Chairman		
(iv)	Details of Business	Warehousing, Transportation, Freight Forwarding, Investment		
(v)	Capital	RMB 3,300,400 (49,935 thousand yen. Calculated at the exchange rate of 1 RMB = 15.13 yen as of September 29, 2016)		
(vi)	Date of Establishment	October 11, 2010		
(vii)	Major Shareholder and Shareholding Ratio	Hon Hai Precision Industry Co., Ltd. ("Hon Hai Precision Industry") indirectly owns 100%.		
(viii)	Relationship between the Listed Company and the Relevant Company			
	Capital Relationship	The relevant company is indirectly 100% invested in by Hon Hai Precision Industry, Sharp's parent company (*1). Therefore, the relevant company is a subsidiary of Hon Hai Precision Industry.		
	Personnel Relationship	There is no personnel relationship that needs to be stated between Sharp and the relevant company. Mr. J.W. Tai, Sharp's President and Chief Executive Officer, is the director of Hon Hai Precision Industry.		
	Transaction Relationship	There is no transaction relationship that needs to be stated between Sharp and the relevant company. There is no transaction relationship that needs to be stated between any related person or related company of Sharp and those of the relevant company.		
	Status as a Related Party	The relevant company is a subsidiary of Hon Hai Precision Industry, and the relevant company and every related company of the relevant company fall under the category of a related party of Sharp. No related person of the relevant company falls under the category of a related party of Sharp.		
(ix)	Consolidated Results of Operations and Consolidated Financial Conditions of the Relevant Company for Previous Three Fiscal Years (*2)			
	Fiscal Year Ended	Fiscal year ending December 2013	Fiscal year ending December 2014	Fiscal year ending December 2015
	Consolidated Net Assets	RMB 14,126 thousand (245,089 thousand yen)	RMB 28,989 thousand (560,647 thousand yen)	RMB 149,441 thousand (2,740,752 thousand yen)
	Consolidated Total Assets	RMB 63,217 thousand (1,096,822 thousand	RMB 121,107 thousand (2,342,210 thousand	RMB 1,304,261 thousand (23,920,154 thousand

	yen)	yen)	yen)
Consolidated Net Assets per Share	-	-	-
Consolidated Proceeds of Sale	RMB 97,285 thousand (1,687,903 thousand yen)	RMB 165,500 thousand (3,200,777 thousand yen)	RMB 2,154,825 thousand (39,519,490 thousand yen)
Consolidated Operating Income	RMB 6,562 thousand (113,847 thousand yen)	RMB 16,657 thousand (322,150 thousand yen)	RMB 166,625 thousand (3,055,907 thousand yen)
Consolidated Ordinary Income	RMB 6,777 thousand (11,587 thousand yen)	RMB 16,760 thousand (324,143 thousand yen)	RMB 163,958 thousand (3,006,995 thousand yen)
Net Income Attributable to Owners of Parent	RMB 5,627 thousand (97,620 thousand yen)	RMB 14,863 thousand (287,447 thousand yen)	RMB 118,451 thousand (2,172,388 thousand yen)
Consolidated Net Income per Share	-	-	-
Dividend per Share	-	-	-

\*1 In this notice, the judgment that Hon Hai Precision Industry is Sharp's parent company and other judgements relating to the related company and the related party are based on the facts recognized by Sharp pursuant to Japanese law, regulations, and accounting standards. Such judgments are not made based on laws, regulations, or accounting standards other than those of Japan.

\*2 In the above results, conversion was based on 1 RMB = 17.35 yen (as of December 30, 2013) for the fiscal year ending December 2013, 1 RMB = 19.34 yen (as of December 30, 2014) for the fiscal year ending December 2014, and 1 RMB = 18.34 yen (as of December 30, 2015) for the fiscal year ending December 2015.

4. Number of acquired shares, acquisition price, and the status of shares held before and after the acquisition

Number of shares at establishment: 100,000 shares (ratio of voting rights: 100%)  
The amount to be paid in: 100 million yen (1,000 yen per share)

5. Schedule

(1) Date of resolution by the Board of Directors: September 30, 2016

(2) Date of establishment and business initiation of SJL: October 3, 2016 (to be fixed)

6. Future outlook

The transactions' impact on the consolidated results for the fiscal year ending March 2017 will be minor.

7. Matters concerning the transactions with the controlling shareholder, etc.

(1) Whether the transactions fall under transactions with the controlling shareholder, etc., and whether they conform to the guidelines regarding measures to protect minority shareholders

Since JUSDA, the partner in the business alliance, is a subsidiary of Hon Hai Precision Industry, this transaction falls under transactions with the controlling shareholder, etc.

While Sharp is considering the guidelines regarding measures to protect minority shareholders,

with regard to the transactions with the controlling shareholder, etc., Sharp is attempting to enhance growth and development, and improve business performance by closely cooperating with Hon Hai Precision Industry, Sharp's controlling shareholder, and its group companies (the "Hon Hai group") while sufficiently respecting one another's independence, and recognizing that the attempt to enhance the business efficiency of Sharp and expand sales and profits, etc., through cooperation with the Hon Hai group will lead to benefits for the minority shareholders. In addition, when Sharp conducts the transactions with the controlling shareholder, etc., Sharp decides on those after discussing the terms and conditions of the transactions, in the same way that it conducts transactions with other business partners.

This business alliance and the Establishment of the Company are an attempt to expand Sharp's profits by means of "making the logistics efficient and reducing the logistics cost" and "business expansion by offering logistics solutions to external customers". These result in benefits for minority shareholders. In addition, with regard to this resolution, Sharp has undertaken the measures below in order to ensure the benefits of minority shareholders are not unfairly harmed, ensuring that the transactions are not disadvantageous to the minority shareholders.

(2) Matters concerning measures to ensure fairness and to avoid conflicts of interest

Mr. J.W. Tai, Sharp's President and Chief Executive Officer, is the officer of Hon Hai Precision Industry. He is not an officer of JUSDA, and Sharp has concluded that the interests of Sharp and JUSDA will not be in conflict since the expansion of SJL's business will expand benefits for both Sharp and JUSDA, and therefore, this transaction does not fall under the category of conflicting interest transactions. However, Hon Hai Precision Industry is in a position where it will be affected by the business results of both Sharp and JUSDA and may influence both Sharp and JUSDA. Therefore, Sharp concluded, as a matter of form, that Mr. J.W. Tai, the director of Hon Hai Precision Industry, had an interest in any resolution regarding this business alliance and the Establishment of the Company. He did not participate in any resolution by the Board of Directors regarding this business alliance and the Establishment of the Company.

(3) Outline of the opinions acquired from persons who do not have shared interests with the controlling shareholder, with respect to the transactions, etc. not being disadvantageous for the minority shareholders

In the discussions in Sharp's Board of Directors meeting held today, Mr. Kazuya Nakaya and Mr. Yoshihisa Ishida, who are both outside directors and outside executives and have no shared interest with the controlling shareholder, offered their opinions that "This business alliance and the Establishment of the Company is an attempt to enhance efficiency and reduce Sharp's costs through cooperation with JUSDA, and to improve the profitability of the new company by offering logistics solutions to outside customers, with the aim of improving and ameliorating the profit of Sharp itself. Therefore, the Establishment of the Company is not disadvantageous to the minority shareholders." Following this opinion, all eight attendees of the Board of Directors meeting unanimously approved.

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