

[Translation]

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

**Notice Regarding the Spin off and Joint Venture of Healthcare- and Medical-Related Business by way of Business Alliance with Fabrigene Limited**

Sharp Corporation (“Sharp”) announces today that it has decided to enter into a business alliance with Fabrigene Limited (“FB”), the subsidiary of Hon Hai Precision Industry Co., Ltd. (“Hon Hai Precision Industry”), spin off a portion of Sharp group’s healthcare- and medical-related business into one holding company and three operating companies by way of business transfer, etc., and make the holding company a joint venture company between FB and Sharp, by the holding company receiving contributions from FB.

\* The companies involved herein will be abbreviated as stated in the quotation marks below. Please see a later section for the outlines of each company.

Sharp Electronics (Europe) Ltd.	“SEE”
Sharp Electronics Corporation	“SEC”
Sharp Laboratories of Europe, Ltd.	“SLE”
Sharp Laboratories of America, Inc.	“SLA”
Sharp Healthcare and Medical Company KY	“SHMKY”
Sharp Life Science Corporation	“SLS”
Sharp Healthcare and Medical (U.K.) Limited	“SHMUK”
Lacamas Life Sciences, Inc.	“LLS”

## 1. Purpose

Under the new management system established in August 2016, Sharp upheld its “One SHARP” policy, which aims to heighten collaboration among all its businesses and its overall strength, and to meet the expectations of various stakeholders through its business expansion. Sharp established a new corporate motto, “Be Original”, meaning that it provides each customer with products and services overflowing with Sharp’s originality, encompassing its starting point and founding spirit of “Sincerity and Creativity”. In addition, Sharp carried out a structural reform with the aim of quickly achieving profitability.

Sharp has been performing various reviews from a long term perspective, in order to strengthen its competitiveness and to shift to a stable growth trajectory. Among them, under the policy, “Sharp’s Focus on Development and Sales”, which aims to maximize the collaboration synergy with Hon Hai Precision Industry and its group companies (“Hon Hai Group”), Sharp aims to once again be the “technological leader” and is taking initiatives to strengthen Sharp’s “original technology” as it is a source of Sharp’s competitiveness.

Although Sharp has long been pursuing the commercialization of advanced healthcare- and medical-related business, given that Hon Hai Precision Industry also has been globally providing medical services such as hospital management, Sharp considered that, by both companies jointly proceeding with such business through the leveraging of each other’s strength, the value of Sharp group’s business will improve. Under these circumstances, it has been decided today to spin off a portion of Sharp group’s healthcare- and

medical-related business and to further the healthcare- and medical-related business as a joint venture business between FB (Hon Hai Precision Industry indirectly owns 100% of FB's equity interest) and Sharp.

The businesses subject to the spin off are the businesses related to the protein analysis equipment, microorganism sensor, bowel-sound sensor, soil analysis equipment, functional water producer, plant factory, new blood pressure measurement technology, and micro-fluid control technology (biochip) that had been held by Sharp. By joint venturing these businesses, Sharp will facilitate its research and development, and furthermore by pursuing sales through the utilization of Hon Hai Group's sales distribution channels and management skills, Sharp will expand its business globally.

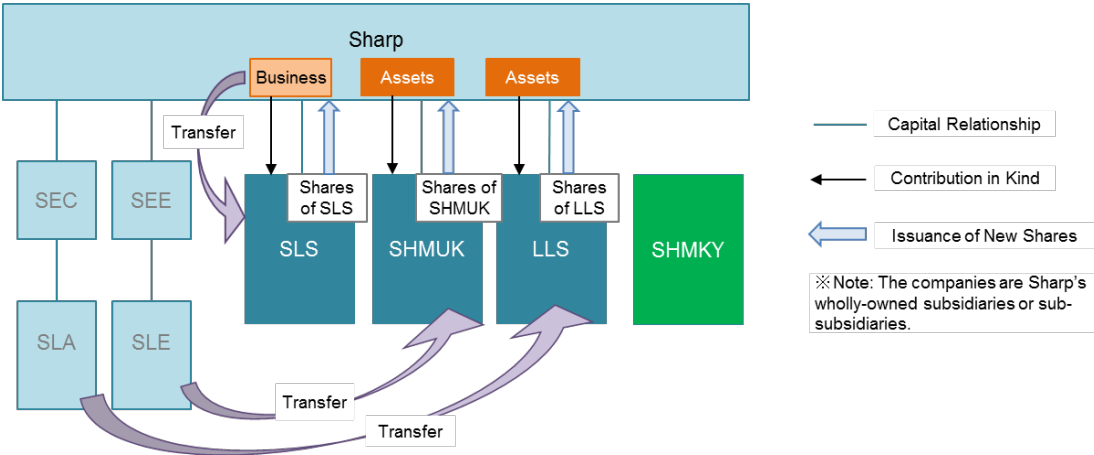
2. Overview of this Transaction

After spinning off a portion of Sharp group's healthcare- and medical-related business through the following procedures, Sharp will further the healthcare- and medical-related business as a joint venture business with FB.

(1) Spinning off of the Healthcare- and Medical-Related Business (Scheduled on March 1, 2017)

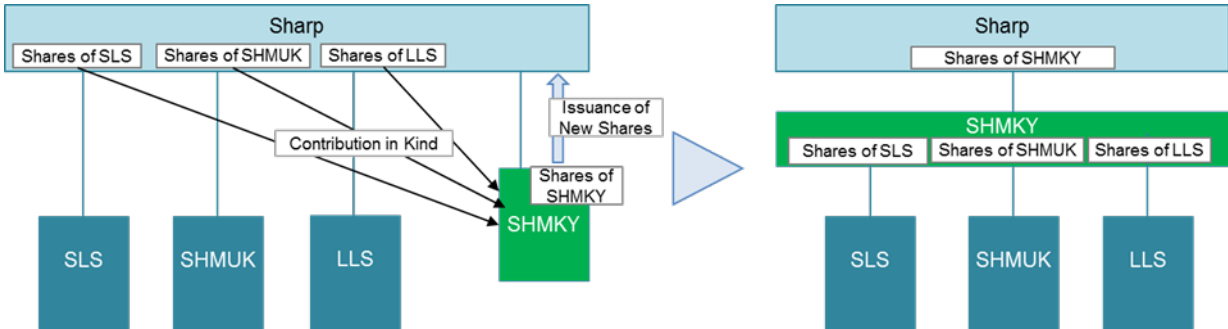
Sharp will contribute in kind Sharp's healthcare- and medical-related business and related assets to the three companies that Sharp newly established (SLS, SHMUK and LLS (the "Operating Companies")), and will transfer the healthcare and medical-related business that has been engaged in by Sharp and its research and development subsidiaries, SLE and SLA, to the three Operating Companies.

There will be no contribution in kind of the business and assets from SLE and SLA to the Operating Companies.



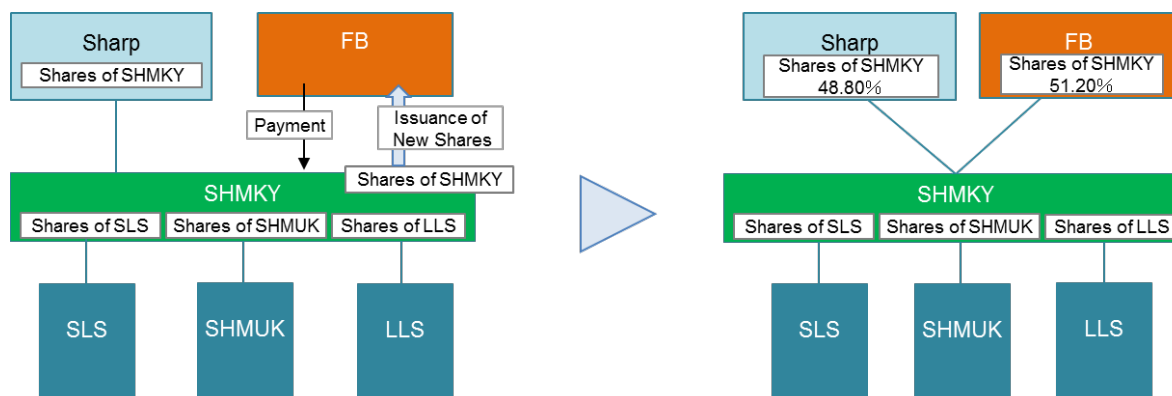
(2) Contributions in Kind of the Operating Companies' Shares to the Holding Company (Scheduled on March 1, 2017)

Sharp will establish SHMKY as the holding company of the three Operating Companies by contributing in kind the shares of three Operating Companies that Sharp holds to SHMKY which was established by Sharp.



- (3) Joint Venturing by Issuing SHMKY's new Shares (Capital Increase) to FB (Scheduled on March 31, 2017)

SHMKY will receive a capital increase from FB by issuing new shares. Thereby, Sharp will make SHMKY a joint venture company between FB and Sharp, and develop its healthcare- and medical-related business through the joint management of the three affiliated Operating Companies.



### 3. Outline of the Operating Companies and joint venture company

- (1) Outline of the subsidiary (sub-subsidiary) that is a company from which the business will be transferred

(i) Name	Sharp Laboratories of Europe, Ltd.	Sharp Laboratories of America, Inc.
(ii) Location	Edmund Halley Road, Oxford Science Park, Oxford, OX4 4GB, U.K.	5700 NW Pacific Rim Blvd., Camas, WA 98607, U.S.A.
(iii) Title and Name of Representative	Director, I. Thompson	Director, Nobuyuki Matsumoto
(iv) Details of Business	Research and development, etc. of optoelectronics, imaging technology, liquid crystal, energy, health-related matters, solar cells, and information technology	Research and development, etc. of digital imaging, multimedia communication, mobile computing, digital office technology, IC process technology, and liquid crystalline process technology
(v) Capital	12,200,000 British pounds	27,168,909.40 U.S. dollars

(For reference) Outline of the parent companies (Sharp's subsidiaries) of the companies above

(i) Name	Sharp Electronics (Europe) Ltd.	Sharp Electronics Corporation
(ii) Location	4 Furzeground Way Uxbridge, Middlesex, UB11 1EZ, U.K.	100 Paragon Drive, Montvale, NJ, 07645, U.S.A.
(iii) Title and Name of Representative	CEO, Tetsuji Kawamura	CEO, Douglas Albrechts
(iv) Details of Business	Control of the business in Europe, etc.	Manufacturing and sales of household appliances and office machines as well as sales of electric components
(v) Capital	80,469,437 British pounds	448,292,240 U.S. dollars

## (2) Outline of the Operating Companies (assignee companies of the business or assets)

(i) Name	Sharp Life Science Corporation	Sharp Healthcare and Medical (U.K.) Limited	Lacamas Life Sciences, Inc.
(ii) Location	7-1-16, Minatojimaminamimachi, Chuo-ku, Kobe-shi, Hyogo	Edmund Halley Road, Oxford Science Park, Oxford, OX4 4GB, U.K.	5700 NW Pacific Rim Blvd., Camas, WA 98607, U.S.A.
(iii) Title and Name of Representative	Director, Kazuya Kitamura	Director, Chris Brown	President, Mike Detlef
(iv) Details of Business	Mainly development, manufacture, sale, and import and export of medical devices and the like as well as software therefor	Mainly development, manufacture, sale, and import and export of medical devices and the like as well as software therefor	Mainly development, manufacture, sale, and import and export of medical devices and the like as well as software therefor
(v) Capital	2,500,000 yen	50,000 British pounds	50,000 U.S. dollars
(vi) Date of Establishment	September 1, 2016	December 29, 2016	December 28, 2016
(vii) Fiscal Year Ended	December	January	March
(viii) Net Assets	4,676,997 yen (as of December 31, 2016)	50,000 British pounds (as of December 31, 2016)	50,000 U.S. dollars (as of December 31, 2016)
(ix) Total Assets	4,676,997 yen (as of December 31, 2016)	50,000 British pounds (as of December 31, 2016)	50,000 U.S. dollars (as of December 31, 2016)
(x) Major Shareholder and Shareholding Percentage	Sharp 100%	Sharp 100%	Sharp 100%
(xi) Relationship Between the Listed Company and the Relevant Company			
Capital Relationship	Sharp holds 100% of the shares of the relevant company.	Sharp holds 100% of the shares of the relevant company.	Sharp holds 100% of the shares of the relevant company.
Personnel Relationship	Sharp dispatches its officers to the relevant company.	Sharp dispatches its officers to the relevant company.	Sharp dispatches its officers to the relevant company.
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 Sharp and the relevant company.	There is no transaction relationship that needs to be stated between Sharp and the relevant company.
Status as a Related Party	The relevant company is a subsidiary of Sharp. Therefore, the relevant company falls under the category of a related party of Sharp.	The relevant company is a subsidiary of Sharp. Therefore, the relevant company falls under the category of a related party of Sharp.	The relevant company is a subsidiary of Sharp. Therefore, the relevant company falls under the category of a related party of Sharp.

## (3) Outline of the joint venture company (holding company)

(i) Name	Sharp Healthcare and Medical Company KY
(ii) Location	Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Island
(iii) Title and Name of Representative	Director, Mototaka Taneya
(iv) Details of Business	Holding company
(v) Capital	20,000 U.S. dollars
(vi) Date of Establishment	December 28, 2016
(vii) Fiscal Year Ended	December
(viii) Net Assets	20,000 U.S. dollars (as of December 31, 2016)
(ix) Total Assets	20,000 U.S. dollars (as of December 31, 2016)
(x) Major Shareholder and Shareholding Percentage	Sharp 100%
(xi) Relationship Between the Listed Company and the Relevant Company	
Capital Relationship	Sharp holds 100% of the shares of the relevant company.
Personnel Relationship	Sharp dispatches its officers to the relevant company.
Transaction Relationship	There is no transaction relationship that needs to be stated.
Status as a Related Party	The relevant company is a subsidiary of Sharp. Therefore, the relevant company falls under the category of a related party of Sharp.

## (4) Outline of the other party of the business alliance

(i) Name	Fabrigene Limited
(ii) Location	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands
(iii) Title and Name of Representative	Director, Leonard Liang-Hsiang Wu
(iv) Details of Business	Holding company
(v) Capital	1 US dollar
(vi) Date of Establishment	October 18, 2016
(vii) Major Shareholder and Shareholding Percentage	Hon Hai Precision Industry indirectly holds 100% of shares of the relevant company.
(viii) Relationship Between the Listed Company and the Relevant Company	
Capital Relationship	The relevant company is indirectly invested in 100% by Hon Hai Precision Industry, Sharp's parent company, therefore, the relevant company is a subsidiary of Hon Hai Precision Industry. (*1)
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 the relevant company or those of the relevant company.
Status as a Related Party	The relevant company is a subsidiary of Hon Hai Precision Industry. Therefore, the relevant company falls under the category of a related party of Sharp.
(ix) Results of Operations and Financial Conditions of the Relevant Company for Previous Three Fiscal Years (*2)	
Fiscal Year Ended	Fiscal year ended December, 2016
Net Assets	1 U.S. dollar
Total Assets	1 U.S. dollar
Net Assets per Share	1 U.S. dollar
Proceeds of Sale	-
Operating Income	-
Ordinary Income	-
Net Income	-
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 judgments relating to the related company and the related party are based on the facts that Sharp recognizes, according 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 Because the relevant company was established in 2016, there are only results for the fiscal year ended December 2016, and there are no applicable results of operations and financial conditions for the fiscal year ended December 2014 and December 2015.

4. Outline of business and assets transfer from Sharp to the three Operating Companies

(1) Outline of business transfer (contribution in kind) from Sharp to SLS

Sharp will transfer (contribution in kind) a portion of Sharp's healthcare- and medical-related business to SLS.

(i)	Details of the Transferred Business	Planning, development and sales of measuring equipment, health equipment, and medical equipment, etc.	
(ii)	Proceeds of Sale and Ordinary Income in the Most Recent Fiscal Year	Proceeds of Sale	170 million yen (fiscal year ended March 2016)
		Ordinary loss	-81 million yen (fiscal year ended March 2016)
(iii)	Items and Amounts of Assets and Debts	Assets	Building (32 million yen), Facilities (181 million yen), intellectual property rights (0.2 million yen)
		Debts	-
(iv)	Transfer Price and Method of Settlement	Transfer Price	212 million yen
		Method of Settlement	Issuance of SLS's 4,243 new shares (contribution in kind)
(v)	Procedure	Sharp will implement the transfer by a simplified procedure	

(2) Outline of the assets contributed in kind from Sharp to SHMUK

Assets to be Contributed	Book Value	Value of the Property Subject to Contribution in Kind	Class and Number of SHMUK Shares to be Issued
Intellectual Property Rights	0 yen	0 yen	100 shares

(3) Outline of the assets contributed in kind from Sharp to LLS

Assets to be Contributed	Book Value	Value of the Property Subject to Contribution in Kind	Class and Number of LLS Shares to be Issued
Intellectual Property Rights	0 yen	0 yen	100 shares

5. Details of contribution in kind from Sharp to SHMKY

(1) Outline of contribution in kind (classes and number of shares of the three Operating Companies that are making contributions)

Common shares of SLS	4,343 shares
Common shares of SHMUK	101 shares
Common shares of LLS	600 shares

(2) Outline of SHMKY's shares to be issued in response to contribution in kind

Shares to be issued	196,905,951 common shares
Issue price	1,969,059 U.S. dollars (0.01 U.S. dollar per share) (223 million yen. This is calculated at 1 U.S. dollar = 113.38 yen as of February 23, 2017, for reference.)

6. Issuance of SHMKY's shares to FB

(1) Class and number of shares before the issuance  
Sharp (after contribution in kind)

198,905,951 common shares  
(percentage of voting rights: 100%)

(2) Class and number of shares to be issued to FB

Number of shares to be issued	208,702,344 common shares
Issue price	25,000,000 U.S. dollars (0.12 U.S. dollar per share) (2,835 million yen. This is calculated at 1 U.S. dollar = 113.38 yen as of February 23, 2017, for reference.)
(3) Status of shares held after the issuance	
Sharp	198,905,951 shares (percentage of voting rights: 48.80%)
FB	208,702,344 shares (percentage of voting rights: 51.20%)

## 7. Schedule

(1) Date of decision and conclusion of the agreement	February 24, 2017
(2) Date of business transfer and contribution in kind	March 1, 2017 (to be fixed)
(3) Date of issuance of new shares	March 31, 2017 (to be fixed)

## 8. Future outlook

It is expected that a gain of approximately 7,500 thousand US dollars (850 million yen. This is calculated at 1 U.S. dollar = 113.38 yen as of February 23, 2017, for reference.) from the change in equity will be recorded in the consolidated account for the fiscal year ending March 2017 as a result of the increase in SHMKY's consolidated net assets due to the investment by FB (however, this may fluctuate due to the business results of SHMKY and the three Operating Companies).

## 9. Matter concerning the transactions with controlling shareholders, etc.

- (1) Whether the transaction falls under transactions with the controlling shareholders, etc. and whether it conforms to the guidelines regarding measures to protect minority shareholders

Since FB, the partner in the business alliance, is the subsidiary of Hon Hai Precision Industry, SHMKY's issuance of new shares to FB accompanying this business alliance (the "Joint Venturing") falls under transactions with the controlling shareholder, etc.

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 while sufficiently respecting the independence of each other, and has recognized that the attempt to enhance the business efficiency of Sharp and expand sales and profits, etc. through cooperation with Hon Hai Group will lead to benefits for the minority shareholders. In addition, Sharp established the guidelines regarding the measures to protect minority shareholders in the corporate governance report that was disclosed on January 18, 2017, as follows:

\* Transactions with controlling shareholders, etc. will be performed only in cases where the transactions, etc. are found necessary and rational and the transaction terms thereof are found appropriate in consideration for market value, Sharp's profitability and others in the same manner as transactions with third parties.

\* Sharp shall determine whether it will engage in the transactions, etc. using the proper procedures in consideration of conflict of interests or existence of interests under the relevant laws and ordinances including the Companies Act before the commencement of such transactions, etc., and Sharp shall make resolutions in the board of directors meetings that includes Sharp's outside directors, as necessary.

\* The status of procedures pertaining to transactions, etc. shall be confirmed subsequently.

It is planned that the Joint Venturing will improve and increase Sharp's benefits by attempting to expand the profitability of the healthcare- and medical-related business, which Sharp has been working on, through the utilization of technology and customers of the business partners; and this will in turn result in benefits



for minority shareholders.

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

Under the Joint Venturing, the issue price of shares to be issued to FB, among the new shares that will be issued by SHMKY, is determined through discussion with the counterparty upon Sharp's calculations, which considers the current profit status of the transferred business and its future prospects. In addition, the issue price per share is far higher than the issue price for Sharp (the issue price for Sharp is based on the amount of net assets (book value) that is contributed by Sharp). In this transaction, although Sharp has not obtained the price evaluation from an independent third party, Sharp believes that the transaction is not disadvantageous and unfair for Sharp.

Mr. J.W. Tai, Sharp's President and Chief Executive Officer, is the director of Hon Hai Precision Industry. He is not an officer of FB and Sharp has concluded that the interests of Sharp and FB will not be in conflict since the expansion of SHMKY's business will increase benefits to both Sharp and FB, and therefore, this transaction does not fall under the category of conflicting interest transactions. In addition, although this transaction does not fall under the category of a matter that needs to be resolved by the board of directors, as described in (3) below, Sharp has received the opinions from outside directors and the final decision was made by Mr. Katsuaki Nomura as the representative director other than Mr. J.W. Tai.

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

With respect to the Joint Venturing, there had been an occasion to explain the Joint Venturing to Mr. Kazuya Nakaya and Mr. Yoshihisa Ishida, who are both outside directors and outside executives that have no shared interest with the controlling shareholders, on January 12, 2017, and they offered their opinions that "(i) this attempts to improve and increase Sharp's benefits by expanding the profitability of the healthcare- and medical-related business through the utilization of technology and customers of the business partners, and in addition the progress is expected to be better compared with the case where only Sharp would attempt to expand such business, (ii) since the business and assets to be transferred to the Operating Companies are not used in other businesses of the Sharp group, the impact on such business will be minor, and (iii) the amount to be paid for the new shares to be issued by SHMKY is determined as a result of negotiation with investors by considering the amount of net assets, the current earning conditions, and the future expectation of the relevant business. Therefore, the Joint Venturing is not disadvantageous to the minority shareholders."

End