

September 12, 2016

[Translation]

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

Notice Regarding the Business Alliance with ScienBiziP Consulting Inc. and the Establishment of a Subsidiary of Sharp

Sharp Corporation (“Sharp”) hereby announces that, at the Board of Directors meeting held today, Sharp resolved that it would enter into a business alliance with ScienBiziP Consulting Inc. (“ScienBiziP”) and establish ScienBiziP Japan Co., Ltd. (“SBPJ”) as a subsidiary of Sharp (the “Establishment of the Subsidiary”).

1. Reason for the Establishment of the Subsidiary

With the commencement of the new management system, Sharp drastically changed the entire company organization, aspiring to establish an iconic global brand to achieve a surplus as soon as possible in order to obtain stable growth; and with regard to research and development, aspiring to continue the reforms without adhering its traditional policies, Sharp has also changed the “Corporate R&D Division” to “Corporate Research & Development BU” as of August 27.

Sharp decided to establish, and invest in, SBPJ with ScienBiziP, which is responsible for intellectual properties-related operations in the Hon Hai Group, and decided to entrust SBPJ with Sharp’s in-house intellectual properties-related operations. SBPJ will try to enhance the utilization level of Sharp’s intellectual properties and improve operational efficiencies by actively taking advantage of ScienBiziP’s know-how, skills, etc. It is also contemplated that, in the future, SBPJ will provide intellectual property-related services to companies other than Sharp, hoping to expand Sharp’s revenues.

The intellectual property rights necessary for Sharp’s business will continue to be owned by Sharp even after the SBPJ’s establishment and will not flow outside Sharp.

2. Details of the Establishment of the Subsidiary

(1) Scope of the business alliance and the businesses of the subsidiary

Service operations related to intellectual properties, such as researching intellectual property, filing and obtaining rights, maintenance and management, and strategy building; and sales, etc. of software or systems involving operational process management, etc.

(2) Outline of the subsidiary that is to be established

(i) Name	ScienBiziP Japan Co., Ltd.
(ii) Location	19-20, 1-chome, Nishitanabe, Abeno-ku, Osaka City
(iii) Name and Title of Representative	Takashi Nishida, president and director
(iv) Details of Business	As described in (1) above
(v) Capital	5 million yen
(vi) Date of Establishment	October 3, 2016 (to be fixed)

(vii)	Fiscal Year End	March 31
(viii)	Total Assets	5 million yen (at establishment)
(ix)	Net Assets	5 million yen (at establishment)
(x)	Investment Ratio	Sharp: 51%, ScienBiziP: 20%, Officers of the relevant company: 29%
(xi)	Relationship between the Listed Company and the Relevant Company	
	Capital Relationship	Sharp is scheduled to hold 51% of the relevant company's shares.
	Personnel Relationship	Sharp is scheduled to dispatch eight persons as directors of the relevant company.
	Transaction Relationship	The relevant company is scheduled to be entrusted from Sharp intellectual properties-related operations.
	Status as a Related Party	Sharp is a parent company of the relevant company. Therefore, the relevant company 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	ScienBiziP Consulting Inc.		
(ii)	Location	Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands		
(iii)	Name and Title of Representative	Director / Y.P. Jou		
(iv)	Details of Business	Holding company		
(v)	Capital	USD 196,078.44 (20,055 thousand yen. Calculated at the exchange rate of 1 USD = 102.28 yen as of September 9, 2016)		
(vi)	Date of Establishment	April 8, 2013		
(vii)	Large Shareholder and Shareholding Ratio	- (*1)		
(viii)	Relationship between the Listed Company and the Relevant Company			
	Capital Relationship	The relevant company is indirectly invested in 51% by Hon Hai Precision Industry Co., Ltd. ("Hon Hai Precision Industry"), Sharp's parent company (*2), 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. Tai Jeng Wu, Sharp's President and Chief Executive Officer, is the director of Hon Hai Precision Industry, Sharp's parent 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 a related person or a related company of Sharp and those of the relevant company.		
	Status as a Related Party	The relevant company and its related companies are subsidiaries of Hon Hai Precision Industry and 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 (*1)			
	Fiscal Year Ended	-	-	-
	Consolidated Net Assets	-	-	-
	Consolidated Total Assets	-	-	-
	Consolidated Net	-	-	-

Assets per Share			
Consolidated Proceeds of Sale	-	-	-
Consolidated Operating Income	-	-	-
Consolidated Ordinary Income	-	-	-
Net Income Attributable to Owners of Parent	-	-	-
Consolidated Net Income per Share	-	-	-
Dividend per Share	-	-	-

*1 Unknown because the relevant company is an unlisted company and has not disclosed the data.

*2 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 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.

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

(1) Number of shares at establishment: 5,000 shares (ratio of voting rights: 100%)
The amount to be paid in: 5,000 thousand yen (1,000 yen per share)

(2) Transferee and number of the shares to be transferred from Sharp
The total number of shares to be transferred to ScienBiziP: 1,000 shares (ratio of voting rights: 20%)
The total number of shares to be transferred to the officers of SPBJ: 1,450 shares (ratio of voting rights: 29%)
Transfer price: total 2,450 thousand yen (1,000 yen per share)

(3) Number of shares after transfer: 2,550 shares (ratio of voting rights: 51%)

5. Schedule

(1) Date of resolution by the Board of Directors: September 12, 2016
(2) Date of establishment of the new company: October 3, 2016 (to be fixed)
(3) Business alliance, transfer of shares and commencement of business: As stated above (to be fixed)

6. Future outlook

The contemplated transactions' effects 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 transaction falls under transactions with the controlling shareholder, etc. and whether it conforms to the guidelines regarding measures to protect minority shareholders

Since ScienBiziP, the partner in the business alliance, is the subsidiary of Hon Hai Precision Industry, this transaction 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, Sharp's controlling shareholder, and its group companies (the "Hon Hai Group") while sufficiently respecting the independence of each other, and recognizes 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. The Establishment of the Subsidiary is an attempt to actively use the intellectual properties of Sharp and to reduce the management cost of the intellectual properties of Sharp by taking advantage of the ScienBiziP group's know-how, skills, properties and overseas network of intellectual properties-related services, and to expand Sharp's profits by expanding intellectual properties-related services to companies other than Sharp. These result in benefits for minority shareholders. In addition, with regard to this resolution, Sharp took the measures below in order not to unfairly harm the benefits of minority shareholders, which ensures that the transactions are not disadvantageous to the minority shareholders.

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

The majority of the directors of SBPJ are Sharp's employees, and they will supervise and administer the operations of SBPJ so as not to be disadvantageous to Sharp.

Mr. Tai Jeng Wu, Sharp's President and Chief Executive Officer, is the director of Hon Hai Precision Industry, Sharp's and ScienBiziP's parent company. He is not a director of ScienBiziP and Sharp has concluded that the interests of Sharp and ScienBiziP will not be in conflict since the expansion of ScienBiziP's business will expand benefits for both Sharp and ScienBiziP. However, Hon Hai Precision Industry is in a position where it will be affected by the business results of both Sharp and ScienBiziP and may influence the profit sharing between Sharp and ScienBiziP. Therefore, Sharp concluded, as a matter of form, that Mr. Tai Jeng Wu, the director of Hon Hai Precision Industry, had an interest in the resolution regarding the Establishment of the Subsidiary. He didn't participate in the resolution by the Board of Directors regarding the Establishment of the Subsidiary.

(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 the Board of Directors meeting held today, Sharp required Mr. Kazuya Nakaya and Mr. Yoshihisa Ishida to offer their opinions, both are outside directors and outside executives and have no shared interest with the controlling shareholder. Sharp received their opinions that, "The reasons for the Establishment of the Subsidiary are to improve the efficiency of intellectual properties-related operations and, by getting the support of ScienBiziP, to expand the intellectual properties-related business to third parties, which is something Sharp has no experience with. This will benefit Sharp. In addition, since Sharp's intellectual properties themselves will continue to be owned and managed by Sharp, and Sharp won't transfer and assign them to the new company, SBPJ, there will be no interference with Sharp's business. Therefore, the Establishment of the Subsidiary is not disadvantageous to the minority shareholders.", after that, all eight attendees of the Board of Directors meeting unanimously approved.

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