

For Reference Only

March 17, 2017

Establishment of a Joint Venture with Chinese Largest Refrigeration and Air-Conditioning Equipment Manufacturer Group

Tokyo Century Corporation (“Tokyo Century”) is pleased to announce that Tokyo Century and an investment company under Dalian Bingshan Group Co., Ltd. (“DBG”) headquartered in Dalian, Liaoning, China, have established a joint venture (“the new company”) after concluded a joint venture agreement and received approval from authority for business license. The details are provided as below.

The new company will be an equity-method affiliate of Tokyo Century.

1. Background of the Agreement

DBG is a government-affiliated company with capital participation by Dalian Equipment Manufacture Investment Co., Ltd., an investment company directly managed by the Dailan municipal government. The company is the Chinese largest refrigeration and air-conditioning equipment manufacture which manufactures and sells industrial refrigeration products, central air conditioning products, beverage vending machines and other products in the Chinese market. It has business deals with Japanese companies including Panasonic group and Fuji Electric group companies.

Tokyo Century Leasing China Corporation, Tokyo Century’s subsidiary in China, has dealt with DBG including especially vending machine financing. As DBG plans to establish a leasing company in its Group in order to further promote selling its own products, the company agreed on Tokyo Century Group provides leasing and financing expertise that has been cultivated in Japan and overseas over the years and decided to establish a joint venture.

2. Purpose of the New Company

Tokyo Century has been developing diversified businesses in China including establishment of companies. We established Tokyo Century Leasing China Corporation, a comprehensive leasing company, in Shanghai in July 2006 and Tokyo Century Factoring China Corporation, the first Japanese factoring company in China, in Pudong New Area, Shanghai in June 2013. In addition, we invested in a leasing company newly established by a Suzhou government-affiliated company in January 2015 and made it an equity-method affiliate.

In the Third Medium-Term Management Plan (for three years) started in April 2016, Tokyo Century aims to expand overseas businesses by promoting alliance strategies as part of the management strategy for strengthening the sales base. Following the alliance strategy, Tokyo Century has been promoting the alliance with local blue-chip companies to increase its presence in growing markets. In December 2016, we agreed with Indonesia-based Lippo Group to establish comprehensive business alliance for e-commerce, electronic money and financing businesses, and also with Singapore-based Grab, which offers ride-hailing service in six ASEAN countries, on a strategic partnership for capital and business alliances including automobile leasing and rental-related businesses.

The new company will primarily deal with venter finance business to promote DBG Group's core products including freezers, refrigerators and other products while enhancing DBG Group's sales and finance system with Tokyo Century Group to develop new business fields.

3. Profile of the New Company

Company name:	Dalian Bingshan Group Hua Hui Da Financial Leasing Co., Ltd.	
Head office:	Dalian, Liaoning, China	
Business:	Finance and general leasing	
Paid-in capital:	CNY170 million (approximately JPY2,800 million)	
Foundation:	March 2017 (operation will start in April 2017)	
Shareholder:	Tokyo Century Corporation	40%
(Ratio of voting rights)	Dalian Bingshan Group Management Consulting Co., Ltd.	40%
	Dalian Zhonghuida Refrigeration Technology Co., Ltd.	20%

4. Investor Profile

(1) Dalian Bingshan Group Management Consulting Co., Ltd.

Head office:	Dalian, Liaoning, China
Company representative:	Ji Zhijian, Chairman
Main business operations:	Investment business for developing new businesses in the group companies
Paid-in capital:	CNY100 million (approximately JPY1,700 million)
Shareholder:	Dalian Bingshan Group Co., Ltd. (51%)
Foundation:	December 2016

(2) Dalian Zhonghuida Refrigeration Technology Co., Ltd.

Head office:	Dalian, Liaoning, China
Company representative:	Ji Zhijian, Chairman
Main business operations:	Holding company
Paid-in capital:	CNY170 million (approximately JPY2,800 million)
Foundation:	February 2008

5. Impact on Financial Results

This agreement will have insignificant impact on Tokyo Century's consolidated performance and will not change the earning forecast released on 11 May, 2016.

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About Dalian Bingshan Group Co., Ltd.

Head office:	Dalian, Liaoning, China
Company representative:	Ji Zhijian, Chairman
Main business operations:	Industrial refrigeration products, central air conditioning products, petrochemical machinery, electronic element and automatic control products
Paid-in capital:	CNY160 million (approximately JPY2,700 million)
Shareholder:	Dalian municipal government-affiliated investment companies 26.6%
	- Dalian Equipment Manufacture Investment Co., Ltd.
	- Dalian State-owned Assets Management Co., Ltd.

SANYO Electric Co., Ltd.	26.6%
Dalian Zhonghuida Refrigeration Technology Co., Ltd.	20.2%
Yida Group Co., Ltd.	13.3%
Dayang Co., Ltd.	13.3%

Foundation: 1985

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