

(This is a translation in English from the original in Japanese. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.)

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To whom it may concern:

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(Security Code: 3156 Tokyo Stock Exchange 1st Section)  
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## **Notice on Termination of Sales of Sony Semiconductors and Electronic Components to Samsung Group**

UKC Holdings Corporation (hereinafter referred to as "the Company") will terminate "the sales of Sony semiconductor and electronic components to Samsung Group" (hereinafter referred to as "the Transaction") at a consolidated subsidiary as follows.

### 1. Background of the termination of the Transaction

As a result of consultations with Sony Semiconductor Solutions Corporation (hereinafter referred to as "Sony") concerning the Transaction conducted by the consolidated subsidiary, USC ELECTRONICS (Korea) CO., LTD. (Hereinafter referred to as "USC Korea"), the Transaction is to be terminated as of the end of December 2017. As the termination of the Transaction has been discussed with Sony since the last fiscal year, it has nothing to do with the inappropriate accounting treatment issue in the consolidated subsidiary, UKC ELECTRONICS (H.K.) CO., LTD.

### 2. Impact of the termination of the Transaction on the consolidated business results

#### (1) Net sales and gross profit pertaining to the Transaction for the fiscal year ended March 31, 2017

	Figures pertaining to the Transaction	Percentage to the consolidated figures
Net sales	55,000 million yen	20.1%
Gross profit	940 million yen	5.9%

#### (2) Impact on the consolidated business results

There is no impact on the consolidated business results ending March 31, 2018 as the fiscal year-end is December 31 for USC Korea. For the next fiscal year and beyond, however, there will be a full-year impact.

### 3. Future prospects

The Company believes that it is possible to reduce and minimize the impact of decreases in net sales and profits for the next fiscal year and beyond on account of the termination of the Transaction by the following countermeasures.

#### (1) Expansion of battery business in USC Korea

The Company anticipates sales of about 3 billion yen in this business for the current fiscal year. With the full-scale adoption to smartphones, however, the Company aims to expand the sales significantly from the next

fiscal year.

(2) Other business expansions throughout the UKC group

In the semiconductors and electronic components business, the Company will accelerate the expansion of business for new applications such as automobile and industrial equipment by combining existing products such as the mainstay Sony image sensors with complementary new products, and strive to ensure business growth of EMS (Electronic Manufacturing Service). In addition, the Company aims to further increase sales and profits through broadcasting equipment business and contactless IC card related business (e-money terminals etc.).