

FOR IMMEDIATE RELEASE

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Notice Concerning Share Transfer Associated with Change in a Consolidated Company

Tokyo, September 29, 2017 - The Board of Directors of Kyowa Hakko Kirin Co., Ltd. (Head Office: Chiyoda-ku, Tokyo, President and CEO: Nobuo Hanai, "Kyowa Hakko Kirin") on September 29, 2017, held a meeting and resolved that Kyowa Hakko Kirin will transfer a certain number share of stock it held in its consolidated subsidiary, Kyowa Medex Co., Ltd. (President & CEO: Toshihiro Onodera, "Kyowa Medex") to Hitachi Chemical Co., Ltd. (President & CEO: Hisashi Maruyama, hereinafter "Hitachi Chemical") (hereinafter referred to as "the share transfer") and concluded a share transfer agreement with Hitachi Chemical (hereinafter referred to as "the Agreement") on the same date. In addition, Kyowa Hakko Kirin and Hitachi Chemical also agreed that Hitachi Chemical will transfer its development, manufacturing and sales businesses of diagnostics to Kyowa Medex.

1. Purpose of the Share Transfer

The Kyowa Hakko Kirin Group companies possess the Management Philosophy to "contribute to the health and well-being of people around the world by creating new value through the pursuit of advances in life sciences and technologies." Its businesses cover ethical pharmaceuticals, diagnostics, biochemicals, and biosimilars. Kyowa Medex, established in 1981 by former Kyowa Hakko Kogyo, has focused on enzymes and antibodies and established a robust business base in areas of companion diagnostics and reagents for biochemistry, immunology and genetics. In addition, as a part of the Group's diagnostics business arm, Kyowa Medex has been research, development, manufacturing and sales of in vitro diagnostics and automated analyzers.

Recently, diagnostics business environment has been challenging because of ongoing decline of reimbursement level from medical insurers and advancement of leading global diagnostics companies into the market. On the other hand, new business opportunities have been emerging including higher penetration of self-medication and genetic testing practices, and use of big data for prevention of illness and diseases.

In its Medium-Term Management Plan 2018, for which the final year is set at FY 2018, Hitachi Chemical's basic policy in the life sciences business is to cultivate a future foundation business based on materials technologies and the diagnostic business. Its diagnostics businesses include development, manufacturing and sales of allergy diagnostics systems.

Against this backdrop, Kyowa Hakko Kirin and Hitachi Chemical started discussions about possible business alliance in diagnostics business and came to the conclusion that the corporate value of Kyowa Medex would be maximized through business operation by Hitachi Chemical and is therefore in a more advantageous position to globally promote new offerings. Kyowa Hakko Kirin, also concluded that it would maximize our shareholder value by focusing our management resources on the pharmaceutical and biotechnology businesses.

In order to smoothly transfer the business to Hitachi Chemical, Kyowa Hakko Kirin will transfer 66.6% of Kyowa Medex shares to Hitachi Chemical first, and then Hitachi Chemical will transfer its business of diagnostics development, manufacturing and sales business to Kyowa Medex. Moreover, Kyowa Hakko Kirin retains a put option and Hitachi Chemicals retains a call option for the remaining 33.4% of Kyowa Medex's shares owned by Kyowa Hakko Kirin to Hitachi Chemical after approximately 3 years from the date of the closing of the Share Transfer.

2 . Description of the subsidiary company

(1)	Company Name	Kyowa Medex Co., Ltd.		
(2)	Address	1- 8 - 10 Harumi, Chuo-ku, Tokyo		
(3)	Title and Name of representative	Toshihiro Onodera , President and Chief Executive Officer		
(4)	Business description	Development, manufacture and sale of in-vitro diagnostic drugs (diagnostics) and automated analyzers		
(5)	Capital	450 million yen		
(6)	Establishment	April 1, 1981		
(7)	Major shareholders (interests)	Kyowa Hakko Kirin Co., Ltd (100%)		
(8)	Relationship between Kyowa Hakko Kirin and Kyowa Medex	Capital	Kyowa Hakko Kirin owns 532,000 issued shares (100%) of Kyowa Medex.	
		Personnel	One executive director from Kyowa Hakko Kirin serves as an outside director in Kyowa Medex.	
		Business	Kyowa Hakko Kirin makes loan transactions with Kyowa Medex through cash management system and provides internal administrative services for Kyowa Medex.	
(9)	The results of operations and financial position of Kyowa Medex within the past three years			
	Fiscal year closing months	Dec. 2014	Dec. 2015	Dec. 2016
	Net assets (million yen)	7,826	7,582	8,048
	Total assets (million yen)	13,244	12,970	12,893
	Net assets per share (yen)	14,711.28	14,253.64	15,128.28
	Net Sales (million yen)	11,747	11,770	12,097
	Operating income (million yen)	755	805	751
	Ordinary income (million yen)	741	808	777
	Net income attributable to parent company shareholders (million yen)	508	543	566
	Net income per share(yen)	955.62	1,020.75	1,065.49
	Dividend per share(yen)	955.62	191.11	2,584.58

3 . Description of the other party to the Agreement

(1)	Company	Hitachi Chemical Co., Ltd.		
(2)	Address	1-9-2, Marunouchi Chiyoda-ku, Tokyo		
(3)	Title and Name of representative	Hisashi Maruyama, President & CEO		
(4)	Business	Manufacturing and sale of functional materials and advanced components and systems		
(5)	Capital	15,454 million yen		
(6)	Establishment	October 10, 1962		
(7)	Total shareholders' equity	376,055 million yen (March 2017)		
(8)	Total assets	600,485 million yen (March 2017)		
(9)	Major shareholders (Interests)	Hitachi, Ltd. (51.21%)		
		Japan Trustee Services Bank, Ltd. (Trust Account) (3.70%)		
		The Master Trust Bank of Japan, Ltd. (Trust Account) (1.91%)		
		Chase Manhattan Bank GTS Clients Account Escrow (1.60%)		
		Japan Trustee Services Bank, Ltd. (Trust account 5) (1.03%)		
		Nippon Life Insurance Company (1.00%)		
		Hitachi Chemical Group Share Ownership Association (1.00%)		
(10)	Relationship	Capital	There is no capital relationship to be noted between	

between the Company and Hitachi Chemical		the Company and Hitachi Chemical. Also, there is no noticeable capital relationship between the stakeholders and affiliated companies of the Company and the stakeholders and affiliated companies of Hitachi Chemical.
	Personnel	There is no personal relationship to be noted between the Company and Hitachi Chemical. Also, there is no noticeable personnel relationship between the stakeholders and affiliated companies of the Company and the stakeholders and affiliated companies of Hitachi Chemical.
	Business	There is no business relationship to be noted between the Company and Hitachi Chemical. In addition, there is no noticeable business relationship between the stakeholders and affiliated companies of the Company and the stakeholders and affiliated companies of Hitachi Chemical.
	Related party status	Hitachi Chemical is not a related party of the Company. In addition, the stakeholders and affiliated companies of Hitachi Chemical are not related parties of the Company.

4 . Number of shares to be transferred, transfer price and percentage of shareholding before and after the transfer

(1)	Shares owned before change	532,000 shares (Shareholding percentage: 100.0%, Number of voting rights: 532,000, voting rights ownership percentage: 100.0%)
(2)	Shares to be transferred	354,300 shares (Number of voting rights: 354,300) *1
(3)	Shares owned after transfer	177,700 shares *2 (Shareholding percentage: 33.4%, Number of voting rights: 177,700, voting rights ownership percentage: 33.4%)

*1. We will disclose the transfer price and other information as the details are available.

*2. Kyowa Hakko Kirin retains a put option and Hitachi Chemicals retains a call option for the remaining 33.4% of Kyowa Medex's shares owned by Kyowa Hakko Kirin to Hitachi Chemical after approximately 3 years from the date of the closing of the Share Transfer.

5 . Schedule

(1)	The date of Board of Directors' resolution	September 29, 2017
(2)	The date of contract execution	Same date as above
(3)	Expected date of share transfer	January 4, 2018

6 . Prospects going forward

Since the share transfer is expected to be executed on January 4, 2018, the impact of the transfer on our consolidated results for the fiscal year ending December 2017 will be limited. We will disclose the impact on our consolidated results for FY 2018 as the details are available.

End of the document

(Reference) Consolidated earnings forecast for FY2017 (published on July 28, 2017) and consolidated financial results for the previous fiscal year

(in million yen)

	Consolidated net sales	Consolidated operating income	Consolidated ordinary income	Net income attributable to parent company
Consolidated business forecast for the current fiscal year (Fiscal year ending December 2017)	347,000	39,000	35,000	21,000
Consolidated results for the previous fiscal year (Fiscal Year ending December 2016)	343,019	31,638	26,397	18,669