

## Notice Regarding Liquidation and Dissolution of Subsidiary

STAR MICRONICS CO., LTD. (“the Company”) today announced that it had decided to liquidate and dissolve its consolidated subsidiary Shanghai S&E Precision Co., Ltd. at a Board of Directors’ meeting held on August 9, 2019. Brief details are presented as follows.

### 1. Reason for Liquidation

Positioned as a consolidated subsidiary in the Company’s Precision Products Segment, Shanghai S&E Precision Co., Ltd. was established in April 2001 to engage in the manufacture of components for automobile, air conditioning equipment and other use. Shanghai S&E Precision has been forced to accept a request from its lessor to vacate and return its current base of operations by December 31, 2019.

Based on these current circumstances, and taking into account such wide-ranging factors as increasingly fierce price competition with local component manufacturers, the financial costs associated with relocating to another plant, and the prospect of increases in rent and personnel expenses in the future, STAR MICRONICS has decided to liquidate and dissolve Shanghai S&E Precision after recognizing the difficulties in continuing operations going forward.

### 2. Overview of Shanghai S&E Precision Co., Ltd. (the subsidiary to be liquidated)

(1) Name	Shanghai S&E Precision Co., Ltd.	
(2) Address	No. 1, East Kangqiao Road, Pudong, Shanghai, People’s Republic of China	
(3) Name and position of the representative	Junichi Murakami Chairman, Shanghai S&E Precision Co., Ltd. (Senior Executive Officer, STAR MICRONICS CO., LTD.)	
(4) Business content	Manufacture and sale of precision processed components	
(5) Paid-in capital	21,521 thousand yuan	
(6) Established	April 2001	
(7) Major shareholders and ratio of shares held	STAR MICRONICS CO., LTD. 60%, ETO Co., Ltd. 40%	
(8) Relationship with the company	Capital	STAR MICRONICS CO., LTD. maintains a 60% equity interest in the company
	Human resources	The Company’s four directors and officers serve concurrently as directors and auditors of Shanghai S&E Precision Co., Ltd.
	Commercial	No notable commercial relationship between STAR MICRONICS CO., LTD. and Shanghai S&E Precision Co., Ltd.
	Related party	Shanghai S&E Precision Co., Ltd. is a consolidated subsidiary of STAR MICRONICS CO., LTD. and therefore falls within the scope of a related party

Note: Taking into consideration the impact of the business activities of Shanghai S&E Precision Co., Ltd., liquidation and dissolution procedures, and other factors, details of the Company’s operating results and financial position for the most recent three years has not been disclosed.

### 3. Schedule

Plans are in place to dissolve Shanghai S&E Precision Co., Ltd. after all necessary steps have been completed in accordance with local statutory and regulatory requirements.

### 4. Outlook

Losses associated with the liquidation and dissolution of Shanghai S&E Precision Co., Ltd. have been factored in as an extraordinary loss and posted as business restructuring expenses in the Company’s consolidated results for the first half of the fiscal year ending December 31, 2019 announced on August 9, 2019. In addition, this matter will have nominal impact on the Company’s consolidated financial results