July 26, 2018

For Immediate Release

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Notice Regarding Liquidation of a Consolidated Subsidiary (Changxing Water Gremlin Non-Ferrous Co. Ltd.)

Okabe Co., Ltd. ("the Company") announces that a meeting of its Board of Directors held on July 26, 2018 resolved to liquidate Changxing Water Gremlin Non-Ferrous Co. Ltd. ("WGCX"), a consolidated subsidiary (a local subsidiary in China) of the Company. Details are as follows.

1. Reason for the liquidation of the consolidated subsidiary, etc.

As announced in the "Review of Production System of Automotive Products Business in China (Closure of Factor, Etc.)" announced on May 22, 2018, WGCX has been recording an operating loss since it began the manufacture and sale business of car battery terminals in China in 2013, and the prospect for restoring profitability has become unlikely. Therefore, the Company closed the factory of WGCX in China.

The Company has a policy of continuing its business in the Chinese market by exporting and selling products from the U.S. factory of Water Gremlin Company, a consolidated subsidiary (a local U.S. subsidiary) of the Company, in China.

While the Company has been considering the use of WGCX as a base of operations under this policy, the Company decided to liquidate WGCX and use its representative office, etc. as its base of operations in China.

2. The subsidiary in question

(1) Overview of the subsidiary in question

(1)	Trade name	Changxing Water Gremlin Non-Ferrous Co. Ltd.
(2)	Location	Changxing Economic and Technological Development Zone, Changxing Zhejiang, China
(3)	Representative	President, Junya Inoue
(4)	Main business	Manufacture and sale of car battery terminals
(5)	Capital	15,000,000 U.S. dollars
(6)	Investment ratio of the Company	100% (Indirect ownership through Okabe Holding USA, Inc., a wholly owned subsidiary of the Company)

(2) Operating results of the subsidiary in question (Thousand U.S. dollars)

	FY2015/9	FY2016/9	FY2017/9
Net sales	1,362	980	1,536
Operating loss (△)	△1,896	△2,041	△2,377

3. Schedule of the liquidation

July 26, 2018: Resolution to approve the liquidation by the Board of Directors of the Company

The liquidation will be completed as soon as the necessary procedures according to local laws and regulations have been completed.

4. Future outlook

This matter represents the decision to liquidate WGCX associated with the closure of its factory in China, as announced in the “Review of Production System of Automotive Products Business in China (Closure of Factor, Etc.)” on May 22, 2018.

The Company has posted extraordinary losses of 348 million yen for the first six months of the current consolidated fiscal year (January 1, 2018 to June 30, 2018), mainly due to the impairment loss of non-current assets and expenses for the dismissal of employees associated with the closure of WGCX’s factory in China.

The Company also expects that extraordinary losses of about 600 million yen will be generated in the second half of the current consolidated fiscal year (July 1, 2018 to December 31, 2018) and that total extraordinary losses for the current consolidated fiscal year (January 1, 2018 to December 31, 2018) will be approximately 900 million yen.

Meanwhile, the operating loss in the automotive products business will improve in stages as a result of closing the WGCX’s factory and liquidating WGCX.

There will be no revision to the Company’s forecast for consolidated financial results as a result of this matter.